

City of Karratha
Annual Report
2017-18



Acknowledgement of Country

Wayiba! Wanthiwa! Tharnardu!

This Acknowledgement of Country recognises the ancient and continuing connection of the Traditional Owners to the land we live and work on; and the cultural responsibilities that arise from this connection. For thousands of years, when Aboriginal and Torres Strait Islander people visited the country of others, there would be rituals of 'welcoming to country'. Today, these rituals have a national legacy in 'Welcome to Country' and 'Acknowledgment of Country'.

The City of Karratha acknowledges the Ngarluma people as the traditional custodians of this land (ngurra) and their deep historical and spiritual connection to country, waterways, rivers and seas within our region. The City of Karratha accepts Aboriginal people as the first inhabitants of Australia. They have lived on this land for many thousands of years and are recognised as one of the oldest living populations of the world, with unique languages and spiritual relationships. We pay respect to the Ngarluma people and their Elders; past, present and emerging.

The name 'Karratha' originates from the Aboriginal word meaning 'good country' or 'soft earth'.







Welcome to the 2017-18 City of Karratha Annual Report

Our Annual Report provides an overview of City of Karratha activities as we work to achieve our vision of becoming Australia's most liveable regional city.

Driven by four strategic pillars; Our Community; Our Economy; Our Natural and Built Environment; and Our Leadership, this report showcases our biggest wins alongside areas where there is still room to grow. This in-depth look at our work across the 2017-18 financial year not only includes the public-facing elements of the work Council does but also encompasses our financial performance and the governance and statutory regulations by which we operate.

Throughout the 2017-18 financial year, the City of Karratha has focused on continuing to provide the high level of services and amenities our residents have come to expect while completing a number of significant infrastructure projects important to the community. This year and those that follow indicate a new era for City of Karratha Council as we evolve from a local government delivering multi-million dollar infrastructure, to a local government in a maintenance phase of the construction cycle, now focused on the growth and diversification of our economy and our community. The work ahead will see Council nurture innovation, encourage development and provide invaluable support to our growing small business sector.

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Dampier Archipelago

Why we report

This document provides the reader with an overall assessment of the performance of the City of Karratha Council during the past financial year.

It summarises the work completed, elements underway and policies and protocols in place to ensure the best outcomes for the City of Karratha community.

While celebrating the major successes and continued growth of the City, this report also assesses areas for further development, allowing appropriate opportunity for reflection and review so that improvements can be made moving forward.

The City of Karratha Annual Report is a public document that provides the disclosure requirements outlined in the State Government of Western Australia Local Government Act 1995.

An electronic version of this report is available on the City of Karratha website.

Mayor's report

Our journey to becoming Australia's most liveable regional city is a path that requires us to push boundaries, be innovative and deliver over and over for our community.



This past financial year has been one of major achievements and I am very proud to present this in-depth look at Council activities and objectives over the past 12 months. Each year we look to provide more value for our residents and ratepayers, delivering improved services, new facilities and programs that support an exceptional quality of life, with 2017-18 being no different.

The highlight of this report is our incredible Red Earth Arts Precinct which we opened to the community in April 2018. This facility is a permanent home for arts and culture, right in the heart of the city and a game-changer for our region. Architecturally, the building is one of a kind, reflecting the Karratha hills and serving as a statement piece as you enter Karratha. Technologically the precinct exceeds expectations, providing the same systems and equipment you would find in a much larger metropolitan area and these capabilities are fitting for where we are headed as a city.

In addition to this, we continued our work to deliver the Wickham Community Hub in our eastern corridor and in May 2018 we completed the supporting Wickham Water Playground which is now open for residents to enjoy. Enhancing our foreshores has also been a high priority for Council, with the near completion of the Point Samson viewing platform this year and progression of extensive planning and design work for the \$10m redevelopment of Dampier Palms and Hampton Oval set to begin in 2018/19.

Special note must also be made of the 25th anniversary of our Cossack Art Awards celebrated in July 2018 and its evolution to one of the nation's richest and most unique acquisitive arts prizes, featuring a three week exhibition and complementary program of 12 events.

Part of what makes our community so unique is our connectedness, coming together often to foster community spirit and enjoy this truly spectacular place we call home. Over the next 12 months we will look to promote our community and our environment to a much larger audience with our place branding work beginning to take shape after extensive planning and collaboration processes with specialist agencies. This is a very exciting project and we expect a number of opportunities both nationally and internationally to come from this work.

The City of Karratha is ready for growth and I am extremely proud of all the work we have been able to achieve together over the past financial year. Thank you for your continued support of Council and the progressive steps we are taking to become Australia's most liveable regional city.

Peter Long

Mayor, City of Karratha

CEO's report

The 2017-18 City of Karratha Annual Report provides detail on our operational performance over the past 12 months, highlighting our achievements and providing opportunity to reflect on progress across each of our strategic objectives.



This year we have taken major strides toward completing our provision of key facilities throughout the city. We now begin the move from an organisation focused on building new facilities to maintenance and service enhancement. Critical review of services and resourcing across the entire organisation has meant we have been able to remain responsive to community needs and enhance service offering for our community.

The development and diversification of our local economy is one such area the City is working hard to nurture and this involves working directly with potential investors to make establishing businesses and projects in the City of Karratha as easy and cost effective as possible. A number of industry partners well-established in the region continue to partner with us in these endeavours and our work together so far has presented some exciting prospects.

Sound budgets and sensible use of resources has meant the City of Karratha remains debt free. The City continues to look for alternative sources of revenue, such as the Quarter HQ, as a way of reducing Council's reliance on rates, with other sources of income contributing approximately two-thirds to the City's total revenue for 2017-18 of \$111,868,876. In 2017-18 the City's total operating expenditure budget was \$99,126,166.

A focus for the 2018/19 financial year is to create opportunities for growth in our local economy. This involves developing a strong and innovative economic base that stands

apart from the mining resources sector. It involves building a destination, not only for lifestyle but business incubation, renewable projects and career development. The City of Karratha presents an opportunity for growth across a range of industries and the City remains committed to nurturing and providing support to investment in these areas.

I hope you find this annual report to be a transparent insight into the daily running of your local government and a reflection of our commitment to the community. The City of Karratha is a dynamic and progressive regional local government and one that we believe sits among the very best in Western Australia.

Chris Adams

CEO, City of Karratha



Karratha City Centre



Karratha Mountain Biking

TABLE OF CONTENTS

Acknowledgement of Country	2
Welcome	4
Why we report	5
Mayor's report	6
CEO's report	7

Our city	11
1.1 City profile	12
Demographic	12
Natural	12
Economic	13
Community	14
1.2 Highlights	17
2017-18 in numbers	18
1.3 Your rates at work	19
Where do your rates go?	19
Where does the City of Karratha get its money?	19
1.4 Major events	20
1.5 Awards and Recognition	23
Our achievements	25
2.1 Our vision for the City of Karratha	27
Our mission	27
Our values	27
2.2 Our Community: Diverse and balanced	28
Building a city	28
A safe place for our community	29
Providing services that meet everyone's needs	30
Supporting healthy residents	30
Creating a diverse and inclusive community	31
We're all connected	32
Challenges	32
Looking forward	33
2.3 Our Economy: Well managed and diverse	34
Diversifying our industry	34
Reducing costs to business	35
Infrastructure to support business investment	35
Role clarity	36
Challenges	36
Looking forward	37



Roebourne Lookout, Russell Ord Photography



Cleaverville

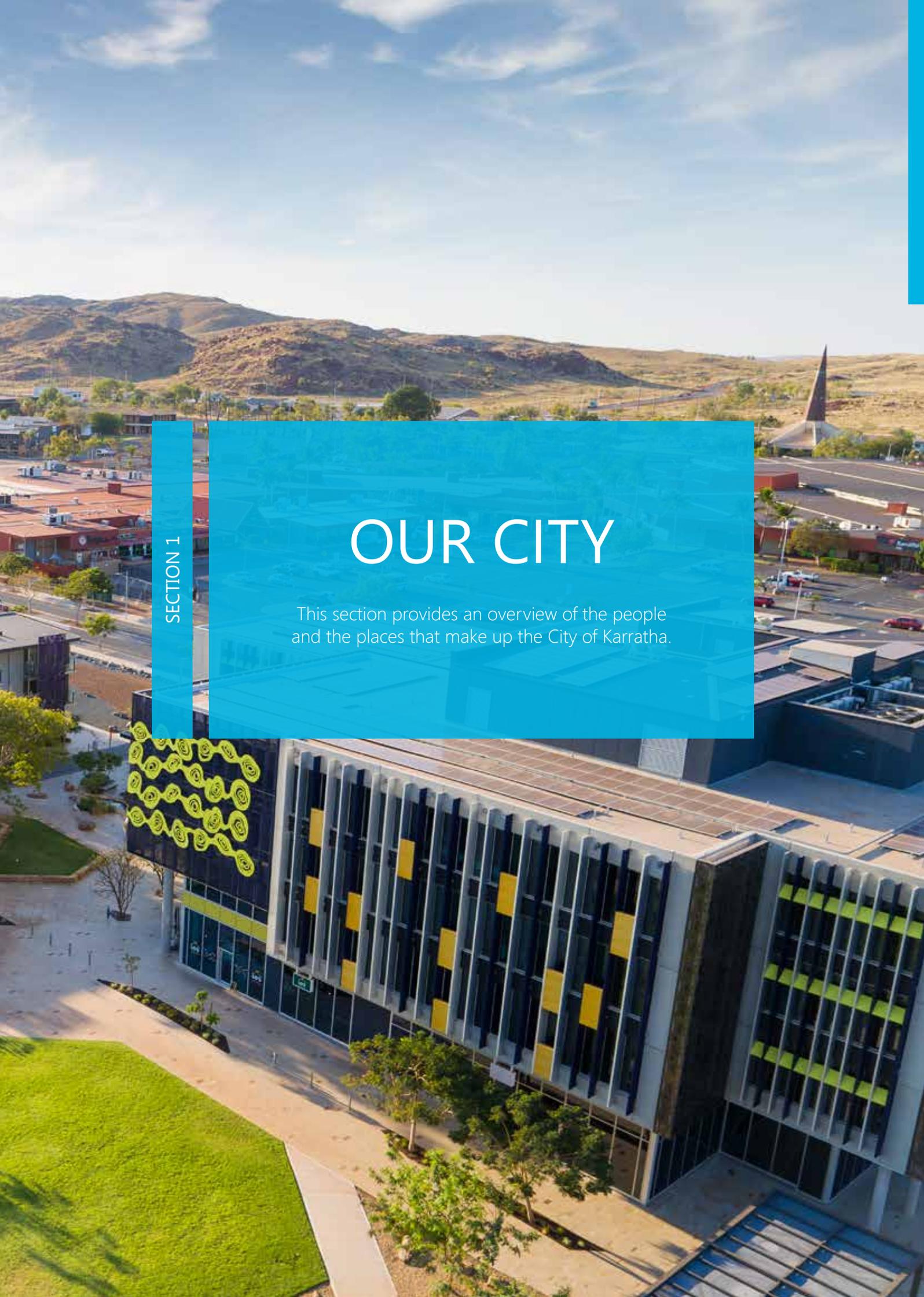
2.4 Our Natural and Built Environment: Thriving and sustainable	38		
Caring for our natural environment	38	Our organisation	58
Becoming more energy efficient	38	Our employees	60
Improving recycling and waste management	38	Employee turnover rate	60
Sustainably managing our resources	39	Workforce remuneration	60
A beautiful place to live	39	Development of employees	61
Challenges	39	Equal Opportunity Employment in the Workplace	61
Looking forward	40	Workplace Occupational Safety and Health	62
2.5 Our Leadership: Responsive and accountable	42	Supporting our volunteers	62
Raised profile of the City	42	Register of complaints	63
Continuous improvement and innovation	43	Freedom of Information	63
Financial sustainability	43	National Competition policy	63
Strong partnerships and Indigenous relations	43	Strategic Asset Management	63
Services that meet community needs	44	Enterprise Risk Management	63
Challenges	44	Audit & Organisational Risk Committee	64
Looking Forward	45	Internal Auditing	64
2.6 Strategic Pillars Case Study: Red Earth Arts Precinct	46	Independent Auditing	64
		Contracts and Procurement	65
		3.4 Our stakeholders	66
		Federal Government	66
		State Government	66
		Industry	67
Governance	49		
3.1 Governance	51	Finance	69
Our councillors	52	Financial Report	71
Election of Mayor and Councillors	53	Statement by Chief Executive Officer	73
3.2 Mayor and Councillor Meetings and attendance	54	Statement of Comprehensive Income by Nature or Type	74
Council meeting attendance	54	Statement of Comprehensive Income by Program	75
Details of Council sub-committee and number of meeting days	56	Statement of Financial Position	76
Internal advisory groups with councillor representation	56	Statement of Changes in Equity	77
External bodies with councillor representation	56	Statement of Cash Flows	78
Councillor conduct	56	Rate Setting Statement	79
Community Assistance	57	Notes to and forming part of the Financial Report	80
3.3 Corporate Governance	58	Independent Auditor's Report	129
Planning for growth	58	Management Report	133



SECTION 1

OUR CITY

This section provides an overview of the people and the places that make up the City of Karratha.



1.1 City profile

The City of Karratha lies on the coast of the Pilbara region, 1535km north of Perth and surrounded by a 2.5 billion year old landscape. The City consists of five towns; Karratha, Dampier, Roebourne, Wickham and Point Samson and includes the historic village of Cossack.



Bounded by the Shire of Ashburton to the south, the Town of Port Hedland to the east and the Indian Ocean to the north and west, the City of Karratha is home to four industrial ports and contributes approximately \$8.76 billion to the national economy each year. Characterised by the juxtaposition of this modern industry and an ancient natural landscape steeped in culture, the City of Karratha has national economic significance and the rich history of Australia’s Ngarluma and Yindjibarndi people is of global heritage value.

Demographic

The City of Karratha is home to 22,206 residents, which represents an increase in population of 31 per cent over the last 10 years. Forecasted figures indicate continued growth and City infrastructure such as power, water and sewerage have all been upgraded in preparation for this anticipated expansion.

The three City electoral wards of Karratha, Dampier and Roebourne/Wickham/Cossack/Point Samson/Pastoral cover 27 localities, together encompassing the City’s 15,882km² land area.



22,206 residents



31% growth in local population over the last 10 years



27% increase in families over the last 10 years



35% of households are couples with children



3 wards and 27 localities



15,882km² land area

Natural

The natural environment in the City of Karratha is characterised by the Dampier Archipelago and the Murujuga National Park (Burrup Peninsula), promoting a lifestyle of world-class fishing alongside rich and historic culture. The Dampier Archipelago comprises a chain of 42 islands, islets and rock formations lying within a 45km radius from the towns of Dampier and Point Samson. Many of the islands resemble the Burrup Peninsula with coastal cliffs, sand plains and pristine beaches ideal for fishing, swimming and snorkelling. The Burrup Peninsula is home to the world’s highest concentration of rock art with more than one million rock art engravings depicting 50,000 years of human occupation.

The City of Karratha local government area is also surrounded by three national parks including Millstream and Karijini which is widely regarded as one of Australia’s most spectacular natural assets.



1 million + petroglyphs



42 islands



2 national parks



4 walking trails



400km of coastline (approx)



KBSS Engineering



Karratha Senior High School

Economic

The city's largest industry output comes from the mining industry which in 2016/17 was worth approximately \$6.5 billion. Unlike mining towns in the region, the city's economy is underpinned by exports and oil and gas processing operations. The city has four busy industrial ports and 231ha of industrial land with 507ha planned for future use. The construction industry has the largest number of total registered businesses in the city (21.9 per cent) however mining is the largest employer, generating 4,130 local jobs.

The City of Karratha is well planned and positioned to manage, facilitate and support ongoing investment in capital and social infrastructure by government and private investors. Over the last five years, Council has been working hard to ensure there are appropriate services and amenity in place to comfortably cater for a population of 50,000 residents.



\$8.76 billion
Gross Regional Product (GRP)
(3.7% of state GSP)



14,037
Local jobs,
4,130 in mining



11,758
Employed residents
94% Working residents
employed locally



\$2,626
Median weekly income



941 businesses
Registered with the city



231ha
Industrial land



4 ports
Facilitating import
and export



21.9%
of all registered
businesses in the City
linked to construction



Major retail centre
Karratha Vicinity

Top 5 spend categories in the City of Karratha:



Dining and entertainment

\$141.7 million



Specialised food retailing

\$127.2million
alcohol, bakeries, butchers, gourmet foods



Grocery stores and supermarkets

\$125.9 million



Transport

\$100.6 million



Discount department stores and clothing

\$46.7 million Kmart, Red Dot etc.



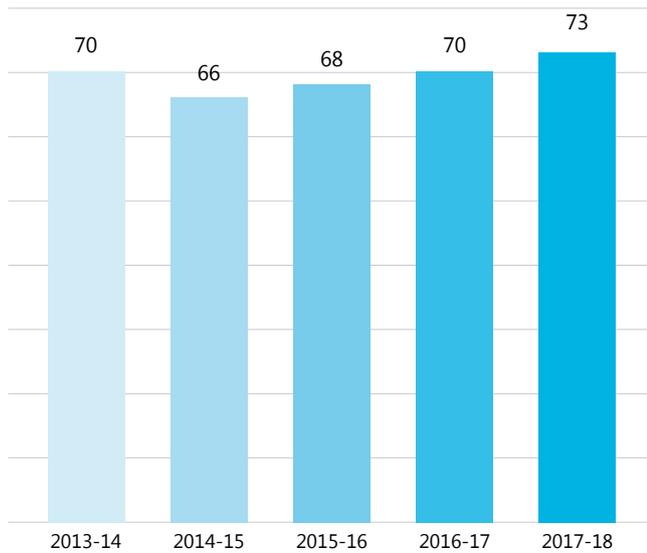
Murujuga rock art

Community

The City of Karratha is home to a vibrant and diverse community that enjoys a level of amenity and service usually only seen in much larger metropolitan areas. Home to more than 195 registered community groups, sporting clubs, associations and cultural groups, the City embraces social events and experiences, providing more than 38 parks and open spaces, hosting 81 events and festivals each year and offering more than \$800,000 in community funding grants annually.

Each year the City of Karratha conducts a community survey where residents are asked to rate the city's overall performance out of 100 over the last five years.

Overall score for City of Karratha:



Growth in residents who have no intention of leaving:



4 public libraries

3 major recreational centres

48 parks and open spaces

154km total footpaths

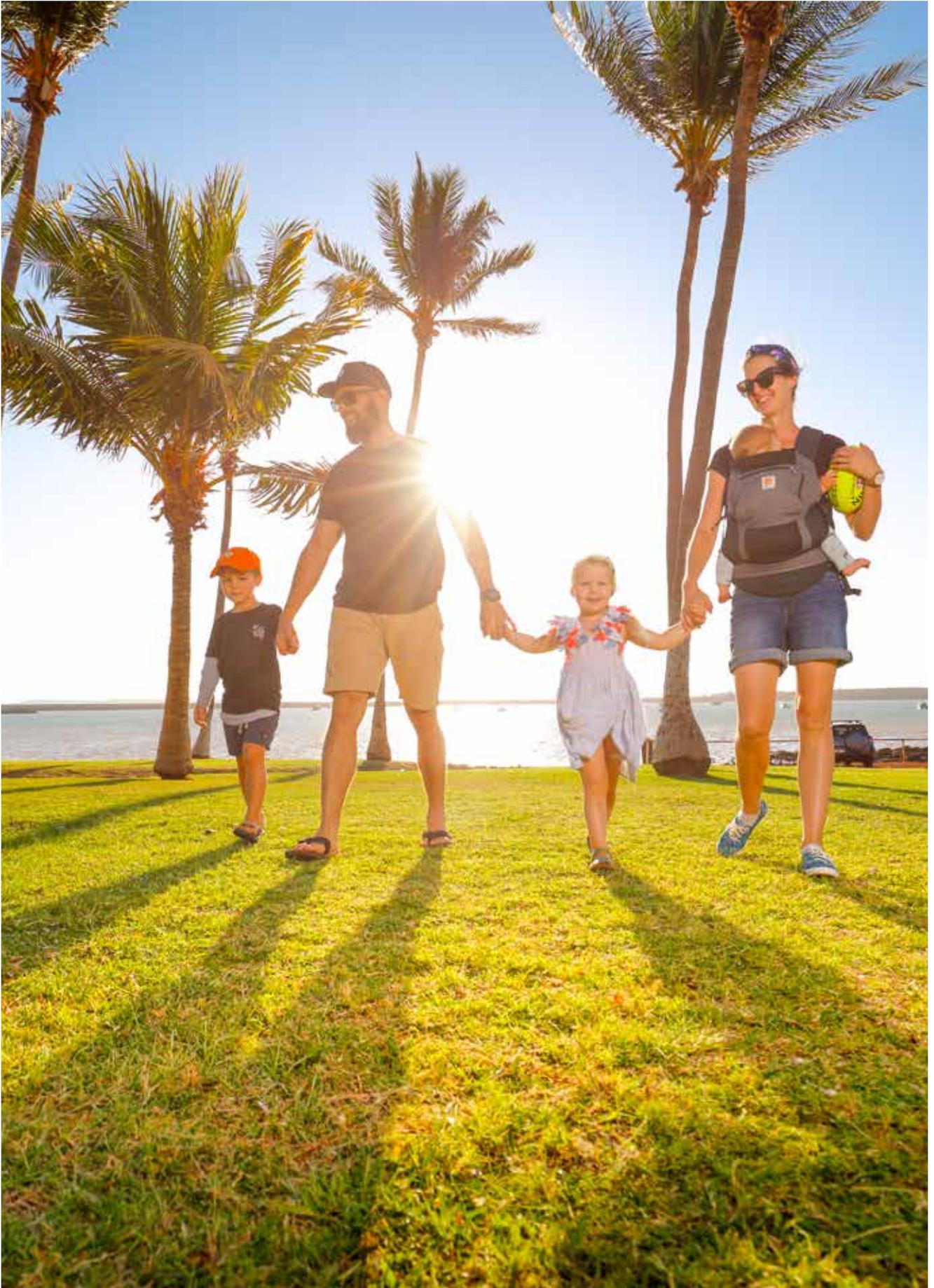
7 community hubs and pavilions

657km total road

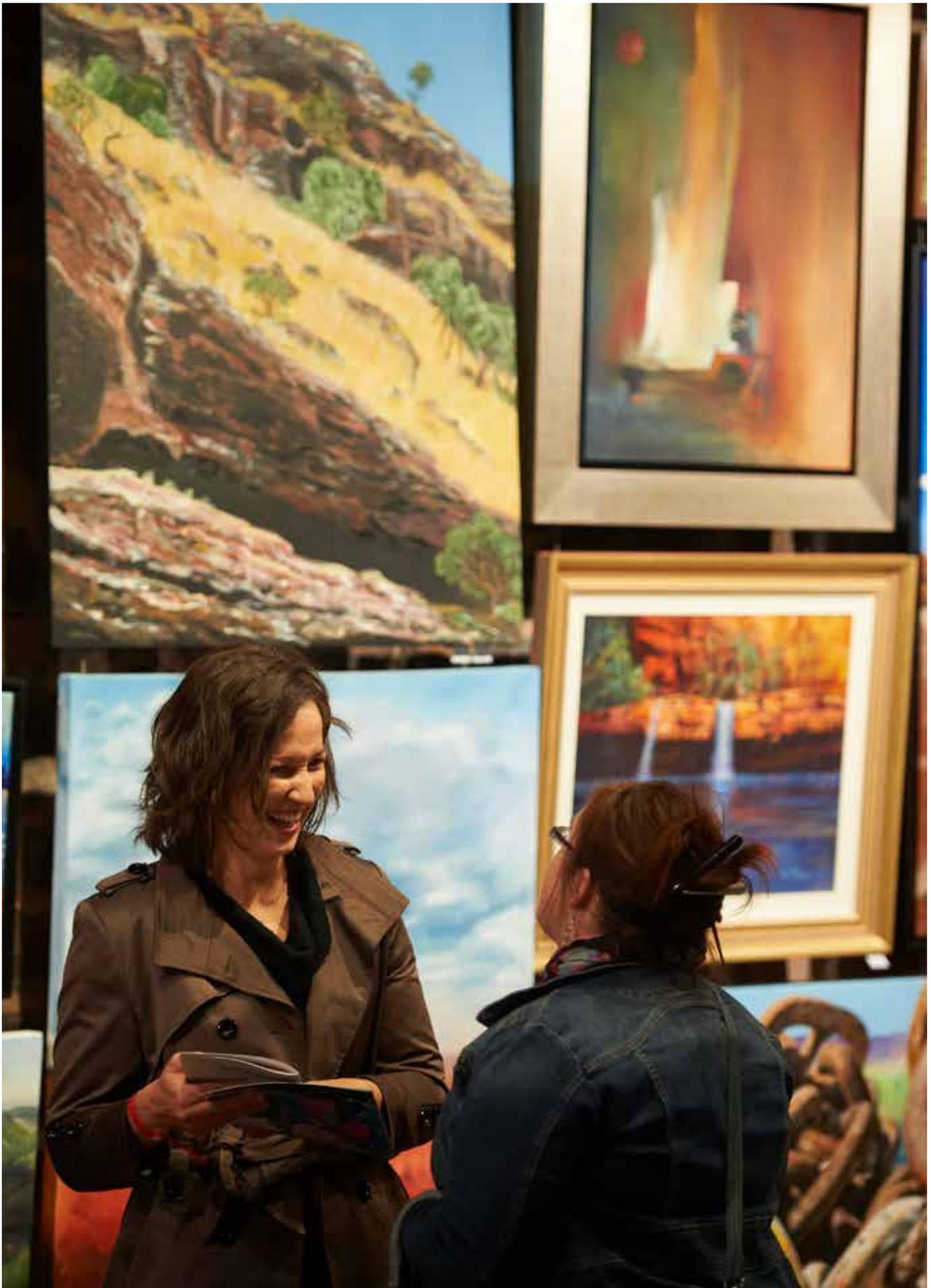
107 sports clubs and associations

11 primary and high schools

\$800,000 community grants funding available



Dampier Palms



Cossack Art Awards

1.2 Highlights

We are committed to achieving the goals set out in our Strategic Community Plan 2016-2026. This document articulates our community vision for the City of Karratha as an attractive, vibrant and liveable regional city.

Our goals from the Strategic Community Plan are integrated into our Corporate Business Plan and yearly Operational Plan. Some of our key achievements from the past financial year are highlighted below:

Red Earth Arts Precinct

opened to the community on Saturday 28 April 2018 with an open day that showcased the facility, followed by a month-long events program of theatre performances, movies screenings and live music.



Project Construction

of the Wickham Community Hub and Point Samson viewing platform continued.



Cossack Art Awards 25 years

The Cossack Art Awards celebrated 25 years with an expanded program of supporting events and cultural experiences. More than 8000 people visited the exhibition with total artwork sales eclipsing \$95,000.



Strong advocacy

with the State Government and Woodside regarding community concerns over the proposed Bay Village TWA camp on Bayview Road.



Safer Communities Partnership

The Safer Communities Partnership installed 115 solar footpath lights throughout the City this financial year, adding to the more than 258 already in place.



Annual Community Grant Scheme

Provision of \$245,257 to 17 local community groups and organisations as part of Annual Community Grant Scheme.



Tip Shop

Seven Mile Waste Facility redirected almost 8000 tonnes of what would have been landfill into approximately \$85,000 in revenue.



NAIDOC

NAIDOC attendance numbers increased from 800 in 2016/17 to 1500 in 2017/18 with survey results from the most recent event showing an 88.6 per cent satisfaction rating.



Business Development Grants

Provision of \$171,300 to 15 local businesses to support the development of online marketing through to the provision of workshop and training opportunities.



2017-18 in numbers

Facility activity and services statistics



Processed waste (tonnes)

448t Tyres and rubber products	8,652t Clean fill street sweeping spoil
1468 Recycling collected kerbside residentially	6542t Waste collected kerbside residentially
1,658t Metal	2,113t Glass



Environmental health inspections and registrations

243 Food premises	60 Public buildings
21 Public swimming pools	28 Hair and beauty premises
14 Caravan parks	20 Lodging houses
276 Health nuisances/ complaints investigated	



Ranger Services Inspections / audits

217 Abandoned vehicles	219 Off-road vehicles
117 Camping	585 Litter
2,251 Parking	258 Cyclone and fire
1,638 Animal (dog/cat trapping, sterilisation, rehoming, euthanising)	253 Activities on City of Karratha properties



433,228 visits to Karratha Leisureplex

20,497 visits to Group Fitness classes	3,083 visits to Holiday programs
4,572 visits to Swim School	



37,614 visits to Wickham Recreation Precinct

4,382 Group Fitness participants	4,119 visits to Recreation/ Play Programs
17,472 visits to Wickham Pool	11,698 visits to Wickham Gym



100,482 visits to the libraries

64,447 visits to Karratha	11,044 visits to Wickham
3,406 visits to Roebourne	21,585 visits to Dampier



Children and Youth

20,290 visits to The Youth Shed Indoor Play Centre	8,609 youth activity participants
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Building Services

292 Building permits issued	26 Certificates (Approval/ Demolition/ Occupancy)
184 Applications for other councils	21 Private certificates



Karratha Airport

480,956 Passengers	10,550 Passenger aircraft movements
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Community Survey

1,507 Responses	73 Overall Score (Out of 100)
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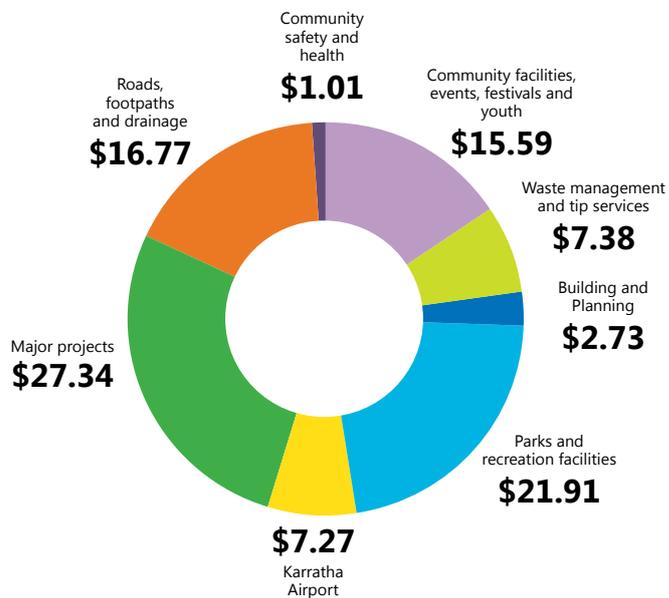
1.3 Your rates at work

The City of Karratha provides extensive services, amenity and facilities to residents each year and in addition to current provisions, is working on a number of developments that will enhance the entertainment options and liveability of our community.

Below is a summary of where the City of Karratha gets its revenue from and how it is spent to provide the best outcomes for residents.

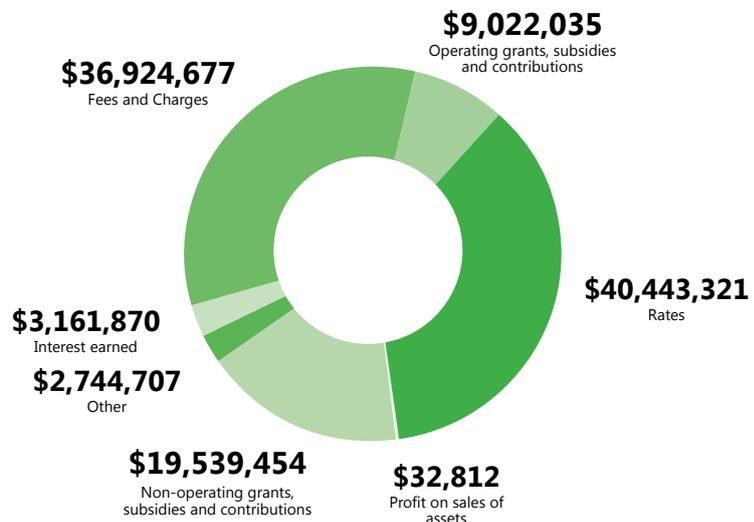
Where do your rates go?

For every \$100 in expenditure this is what the City of Karratha delivers:



Where does the City of Karratha get its money?

Our total revenue for 2017-18 was \$111,868,876 which came from the following sources:





Cossack Art Awards



NAIDOC Week Celebrations



Twilight Tunes



Christmas in the Pilbara

1.4 Major events

2017

JULY	AUGUST	SEPTEMBER
<ul style="list-style-type: none"> Cossack Art Awards 25th Anniversary 	<ul style="list-style-type: none"> Cossack Art Awards 25th Anniversary 	<ul style="list-style-type: none"> Red Earth Arts Festival
<ul style="list-style-type: none"> NAIDOC 	<ul style="list-style-type: none"> FeNaCING Festival 	<ul style="list-style-type: none"> Twilight Tunes
<ul style="list-style-type: none"> Twilight Tunes 	<ul style="list-style-type: none"> Twilight Tunes 	
OCTOBER	NOVEMBER	DECEMBER
<ul style="list-style-type: none"> Local Government elections 	<ul style="list-style-type: none"> Remembrance Day 	<ul style="list-style-type: none"> Christmas in the Pilbara calendar
<ul style="list-style-type: none"> Twilight Tunes 	<ul style="list-style-type: none"> Walkington Award 	
<ul style="list-style-type: none"> FutureClubs Community Sports Awards 		



Australia Day



Red Earth Arts Precinct Opening



ANZAC Day Commemorations



Billfish Shootout

2018

JANUARY
<ul style="list-style-type: none"> Australia Day
<ul style="list-style-type: none"> Citizenship Ceremony

APRIL
<ul style="list-style-type: none"> ANZAC Day
<ul style="list-style-type: none"> Red Earth Arts Precinct official opening

JUNE
<ul style="list-style-type: none"> Melbourne International Comedy Festival Roadshow
<ul style="list-style-type: none"> Twilight Tunes

ADDITIONAL EVENTS IN THE CITY OF KARRATHA SUPPORTED BY COUNCIL:
<ul style="list-style-type: none"> Billfish Shootout
<ul style="list-style-type: none"> NorWest Jockey Club Roebourne Races
<ul style="list-style-type: none"> Sprintcar Stampede
<ul style="list-style-type: none"> FeNaCING Festival
<ul style="list-style-type: none"> Mothers' Day Classic
<ul style="list-style-type: none"> Brew and the Moo
<ul style="list-style-type: none"> Guy Fawkes Night Fireworks
<ul style="list-style-type: none"> Markets in Dampier Wickham and Karratha
<ul style="list-style-type: none"> Business Excellence Awards
<ul style="list-style-type: none"> City to Surf Fun Run



Gnoorea Point (40 Mile) Nature-based campground

1.5 Awards and Recognition

The 2017-18 financial year has seen the City of Karratha become a leader in local government for innovation and development, invited to speak at numerous national conferences and presentations.

July 2017

Liveable Cities Conference, Brisbane
Director Community Services, Mark Casserly

August 2017

APACA Conference, Sydney
Chief Executive Officer, Chris Adams

September 2017

The New Pilbara 2 Economic Development Conference, Perth
Chief Executive Officer, Chris Adams

March 2018

Institute of Public Works Engineering Australia Conference, Perth
Manager Infrastructure Services, Brian Wall

April 2018

Regional Airports Symposium, Coffs Harbour
Director Strategic Projects & Infrastructure, Simon Kot

May 2018

Pilbara Kimberly Forum, Perth
Chief Executive Officer, Chris Adams

National Planning Congress, Perth
Director Development Services, Ryan Hall

June 2018

Developing Northern Australia Conference, Alice Springs
Mayor, Peter Long



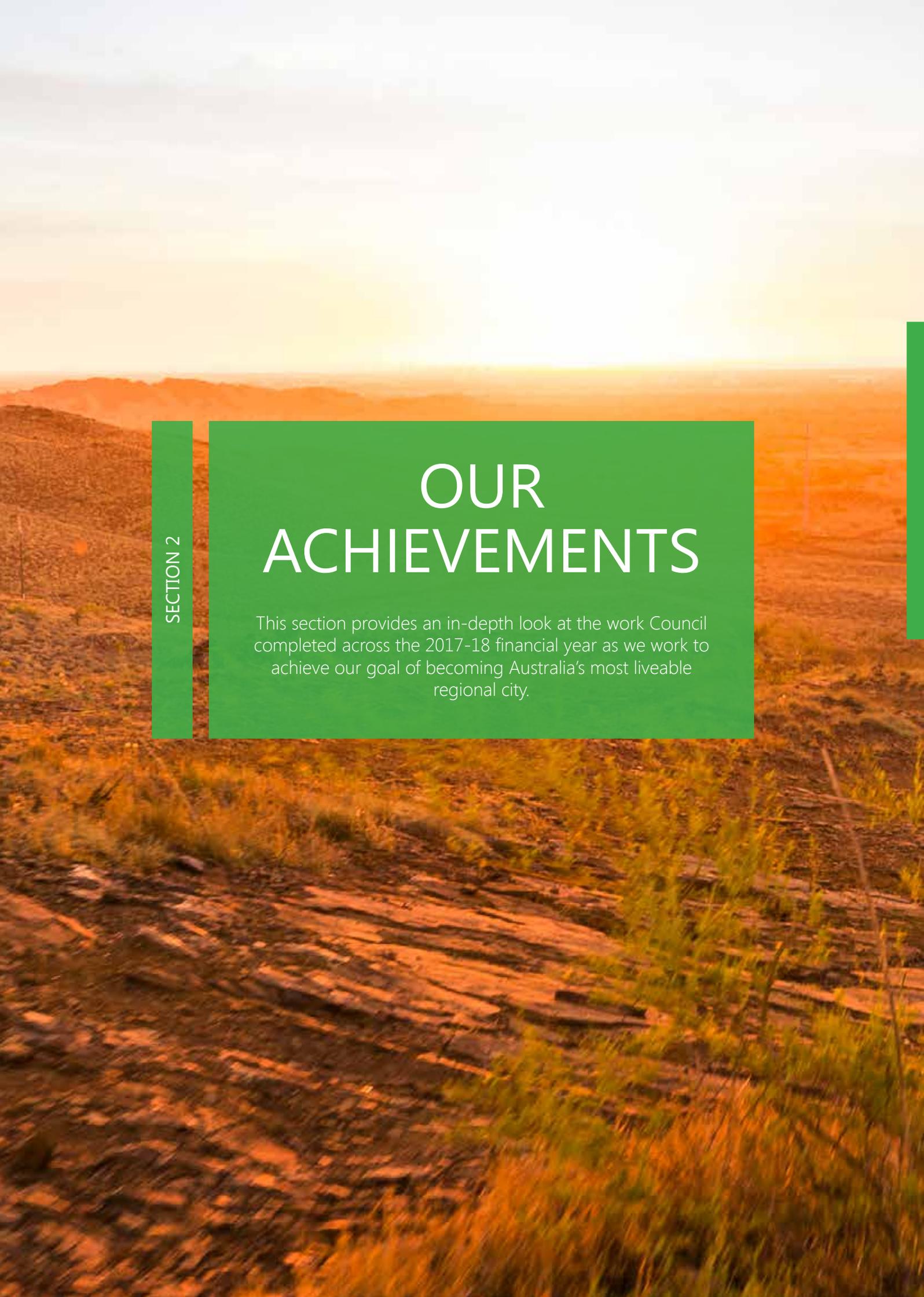
Mayor Peter Long at the Developing Northern Australia Conference



WATER-WISE

THE CITY OF KARRATHA ALSO
RECEIVED A WATER-WISE COUNCIL
ENDORSEMENT IN 2017-18

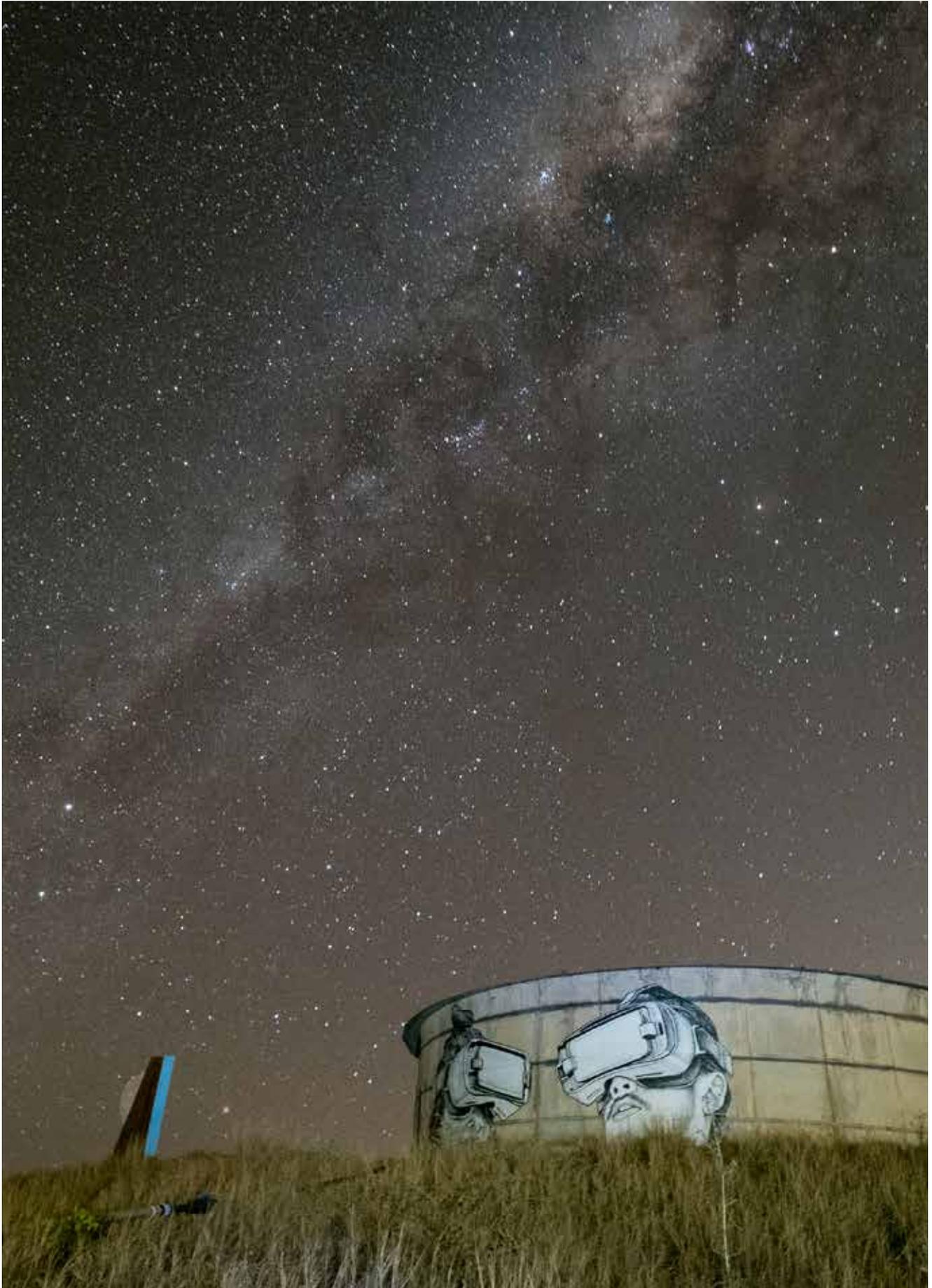




SECTION 2

OUR ACHIEVEMENTS

This section provides an in-depth look at the work Council completed across the 2017-18 financial year as we work to achieve our goal of becoming Australia's most liveable regional city.



Cossack Lookout, Russell Ord Photography

2.1 Our vision for the City of Karratha

Our vision:

To be Australia's most liveable regional city.

Our mission:

To provide community leadership and excellent local government services in an innovative and efficient manner to enhance our city's social, cultural, economic and environmental wellbeing.

Our values:

Leadership – We will provide clear direction and inspire people to achieve their full potential.

Teamwork – We will encourage cooperation and teamwork within and between our employees and our community stakeholders.

Integrity – We will act in an honest, professional, accountable and transparent manner.

Innovation – We will encourage creativity, innovation and initiative to achieve Council's vision.

We are committed to achieving the goals set out in our Strategic Community Plan 2016 – 2026 that articulate our community vision for the future of the City of Karratha.

 Our Community Diverse and Balanced	 Our Economy Well Managed and Diverse	 Our Natural and Built Environment Thriving and Sustainable	 Our Leadership Responsive and Accountable
<p><i>To create safe, healthy and livable communities</i></p>	<p><i>To attract diverse and sustainable business and employment opportunities</i></p>	<p><i>To protect our natural and built environment</i></p>	<p><i>To provide accessible, transparent and responsive leadership</i></p>
OUR OUTCOMES <i>The end result we would like to achieve</i>	OUR OUTCOMES <i>The end result we would like to achieve</i>	OUR OUTCOMES <i>The end result we would like to achieve</i>	OUR OUTCOMES <i>The end result we would like to achieve</i>
1.a Quality Community Facilities	2.a Diverse Industry	3.a Appropriately managed natural assets	4.a Raised profile of the City
1.b Improved Community Safety	2.b Reduce business costs	3.b Greater energy efficiency	4.b Continuous improvement and innovation
1.c Accessible Services	2.c Good infrastructure to support business investment	3.c Improved recycling and waste management	4.c Financial Sustainability
1.d Healthy Residents	2.d Role clarity	3.d Sustainable use and management of resources	4.d Strong partnerships and indigenous relations
1.e Recognition of Diversity		3.e Attractive built environment	4.e Services that meet community needs
1.f Connected Communities			



2.2 Our Community: Diverse and balanced

Our goal is to create safe, healthy and liveable communities.



Lo's Cafe Fusion Bistro

Building a city

Over the past 12 months we have progressed the revitalisation of the Karratha CBD with the delivery of the state-of-the-art Red Earth Arts Precinct in April and commencing construction of the Wickham Community Hub. These large infrastructure projects are in addition to our ongoing commitment to provide residents with an exceptional standard of services and amenities throughout the city.

To improve connectivity within our towns and suburbs we have built 1.64km of footpaths and cycle ways this year to add to our network of now 154km. In addition, the City provided regular maintenance for 657km of Council operated roads. After speaking with residents about what is important to them specific to where they live, we have been able to create public spaces that are well utilised and loved by the community, like the Point Samson viewing platform, and Nickol West park expansion.

Our residents now have access to 48 well cared for and presented parks and open spaces and they can enjoy these in conjunction with the high quality and improved sports and recreational facilities that we now provide. Our expansion of the Karratha Leisureplex Gym has been completed, providing a new strength and conditioning space in addition to the swim, court, gym and group training options already in place. The Roebourne Aquatic Centre has been upgraded to provide a safer and more enjoyable space for local residents to use in those warmer months and we've installed an outdoor gym space in Wickham that is free for everyone.

Growing on the passion in our community for a more sustainable approach to waste, our Tip Shop at the Seven Mile Waste Facility has this year redirected almost 8000 tonnes of what would have been landfill into approximately \$85,000 in revenue, all of which can be redirected into sustainable waste initiatives moving forward.



Karratha Golf Course

A safe place for our community

We know from our annual community survey that one of our community's primary concerns is having a safe place to live and raise a family. Our partnerships with enforcement agencies and external stakeholders is continuing to work in this area, delivering programs aimed at improving community safety. This year we have targeted education within our community around preventing crime from occurring and reinvigorated our focus on designing environments that are not conducive to anti-social behavior,

The Safer Communities Partnership, consisting of the Western Australian Police, the Woodside-operated North West Shelf Project, Rio Tinto and led by the City of Karratha, has seen the installation of 115 footpath lights this year, adding to the more than 258 we already have in place. It has once again driven the annual subsidised motorbike lock campaign that encourages residents to take an extra step to secure valuable belongings and has developed new reporting platform 'Report It'. The initiative's 'Bucks for Bags' program has encouraged community and sporting groups to help us clean up our beaches and open spaces, providing \$22,500 in funding just in the last 12 months and more than \$170,000 since commencement in 2012/13.

This year we were also able to establish the Crime Prevention through Environmental Design (CPTED) working group, made up of key community stakeholders and wider residents, and together they have already begun work on strategies that contribute to local law enforcement, providing an extra touch point with the community in this space.

Overall, our work to increase safety for our residents has been wide ranging, from providing four Healthy Dog Days to implementing mosquito control strategies, inspecting 243 local food premises and promoting health and safety initiatives like Food Safe Week. We've

conducted 2056 animal inspections and issued 31 infringement notices for dumping litter out in the bush, we've provided generous support in terms of funding for community safety initiatives and we've advocated where we can for improved facilities and further resources.

Each aspect of our work in this space is a stepping stone toward building a community environment that is safer, healthier and more liveable for residents.



Safer Communities Partnership



Hearsons Cove

Providing services that meet everyone's needs

Our residents are both demographically and culturally diverse and this means there is no one-size-fits-all approach to community engagement and no one-size-fits-all solution when it comes to their issues and concerns.

Our community engagement model provides a roadmap for working with and understanding the needs of local residents. This has resulted in service delivery changes including offering a more focused and community-driven program of events across our libraries. In addition, our youth services team developed and implemented a program for young women that provides support around mental health and nurtures emotional development.

We have focused on improving accessibility with the provision of accessibility ramps, wheelchair access at City events and facilities as well as making sure that this information is promoted and easily located. By partnering with local organisations like Empowering People In Communities (EPIC) we have been able to create relationships with a wider range of community members who we haven't had a direct connection with before and this has been a crucial part of developing our Disability Access and Inclusion Strategy which will be reviewed in the coming year.

Supporting healthy residents

One of the biggest drawcards for living in the City of Karratha is the recreational opportunities the Pilbara lifestyle has to offer. From fishing, boating and camping to spending hours in the pool over summer, our community has told us time and time again that they want to enjoy every element this very special country has to offer and that they need to have the resources and facilities in place that ensure they can.

Council operates three aquatic centres and two gym facilities in the City of Karratha. In addition, the City provides free outdoor fitness areas spread throughout our parks. Each of these facilities encourages residents to engage in healthy lifestyle choices. In the past year alone our Karratha Leisureplex Swim School attracted 4572 participants and 788 children attended a school holiday program activity. Collectively there have been more than 470,000 visits to the Karratha Leisureplex, Wickham Recreation Precinct and Roebourne Aquatic Centre this financial year.

There are more than 107 sports clubs and associations across our towns, consisting of 40 codes and more than 500 teams. The City's Club Development program ensures these clubs are supported as they continue to grow and provide healthy lifestyle opportunities for our residents.

A successful component of the Club Development program is the Junior Community Sports Expos, which provide an opportunity to showcase various sports for kids. In 2017-18, 107 kids participated in these 'come and try' sessions, discovering many of the different codes available to young people in the City.

A major event on the sporting calendar each year is the FutureClubs Community Sports Awards. This event recognises the sporting heroes of our community both in athletic performance as well as coaching and volunteering capacities. A highlight of this event is the inclusion of a national-level speaker and in 2017-18 we welcomed Dr Ric Charlesworth. This year 59 nominations were received for the award.



31% GROWTH

THE CITY OF KARRATHA HAS
EXPERIENCED 31% GROWTH IN
LOCAL POPULATION
OVER THE PAST 10 YEARS



Karratha Leisureplex RPM Group Fitness class

Creating a diverse and inclusive community

Celebrating the diversity of our community has long been an important part of our goal to become Australia’s most liveable regional city. Our continued work to develop relationships with culturally diverse groups of people has seen us implement a number of changes to the way we deliver events and programs in this space.

NAIDOC Celebrations are an incredibly important project for any local government and the City of Karratha is no exception. In line with community feedback, this year the City held a large-scale single event in Roebourne, which was extremely successful. Attendance numbers increased from 800 in 2016-17 to 1500 in 2017-18 and survey responses from the 2017-18 event show an 88.6% attendee satisfaction rating.

Results from our Annual Community Survey show that more people are choosing to call the City of Karratha home, with 40.7 per cent of those surveyed in 2018 indicating they had no plans to leave compared to 14% in 2011. This result has highlighted more than ever the need to cater for a diverse community. One of our key successes in this space has been the introduction of five Senior Tech Help sessions to our library programming in conjunction with the local Telstra store. In addition to empowering 49 of our local senior community members, these also offer the opportunity for important e-safety internet tips and a few laughs.



Yaburrara Heritage Trail



MORE THAN 107

THE CITY OF KARRATHA IS
HOME TO MORE THAN
107 SPORTING CLUBS AND
ASSOCIATIONS



Murujuga National Park

We're all connected

The community spirit in the City of Karratha has always been strong and the City's calendar of events plays a vital role in bringing people together for a good cause.

One of the most special services the City supports is the annual ANZAC Day dawn service held in conjunction with the Karratha Districts RSL on the greens of the Karratha Golf Course. Bringing thousands together each year to stand side-by-side and remember the sacrifices of those before them has an incredible effect on the connectedness of our community and this tradition was stronger than ever in 2017/18.

This financial year also saw Council celebrate the 25th Cossack Art Awards; a nationally recognised acquisitive arts prize in the most unique gallery setting in the country. The three-week exhibition saw 300 artworks breathe life back into the carefully restored buildings of the historic town of Cossack and awarded more than \$100,000 in prize money. To support the exhibition itself and encourage the local community to take part, a program of 12 events and workshops and six cultural tours were incorporated into the period. In total 8206 people took part in the 25th Cossack Art Awards with total artwork sales eclipsing \$95,000.

This year, 9023 people attended our Red Earth Arts Festival, 2000 people took part in our Australia Day celebrations and we increased our Christmas in the Pilbara program to 29 events and activities.

A new initiative incorporated into the annual calendar this year has been the 'Know Your Neighbourhood' community activation events. Held across each suburb in the City of Karratha these provided an opportunity for residents to come down to their local park or oval and enjoy a free outdoor movie along with the opportunity to chat with Council staff about local issues, ask questions about services and get to know neighbours in an informal and relaxed environment. With plenty of room to grow, these events will continue to be held throughout 2018-19.

Challenges

While we always endeavour to provide the best outcomes for our community it is often difficult to manage perception in an age of digital technology and social networking platforms. One space that has been particularly challenging is the perception held by some in the community of high crime levels in residential areas. Our most recent community survey indicates 43% of residents believe our city is a safe place to live and while this is an improvement of 5% on the year previous it is still an ongoing challenge. Our Safer Communities Partnership continues to work closely with local law enforcement agencies to improve this figure.

With a portfolio as wide-ranging as Council's, managing what our community expects to see delivered for their rates can often have its challenges. This too is an ongoing issue that we are continuing to work through and part of the solution lies in stronger communications around the services and amenities we are delivering. Our strategy to grow our online presence continues, with the City of Karratha Facebook page increasing by 17% to 9,457 followers.



9,023 ATTENDEES

MORE THAN 9,000 PEOPLE
CAME OUT TO ENJOY THE
RED EARTH ARTS FESTIVAL

Looking forward

Our integrated strategic planning means that we are always looking to the future and making sure we are planning for and have the budget to provide our community with the infrastructure and services they require today and into the future.

Over the 2018-19 financial year our residents can expect to see:

On-the-ground works begin for the development of the Dampier foreshore and a continued drive of support for the establishment of a Dampier marina

The design of and construction works for a fishing jetty to support the new viewing platform at Point Samson

The completion of Welcome Park as a landscaped link between the city centre and the Red Earth Arts Precinct

Continued progress at Wickham Boat Beach as we work to rejuvenate the local foreshore

A revitalisation of the Bulgarra courts to provide a safer tennis and hockey environment for clubs

Construction of a long-vehicle parking area in the CBD for self-contained visitors to the area

Completion of a Disability Inclusion and Engagement Strategy.



2.3 Our Economy: Well managed and diverse

Our goal is to attract diverse and sustainable business and employment opportunities for our community.

Diversifying our industry

While the city will continue to be the hub of resources and energy projects for decades to come, we are now entering an exciting new phase of economic development and diversification to minimise our reliance on the resources sector upswings and downturns.

Our economic development objective is to leverage our extensive natural assets to attract business investment and nurture the emergence of new sustainable industries to create local jobs. This is already underway, with a range of innovative economic diversification projects happening or on the horizon, including aquaculture, agriculture, horticulture, renewable energy, tourism and hazardous waste recycling and processing. In 2017-18 the city achieved RV friendly status with the Campervan & Motorhome Club of Australia with improved wayfinding signage and information for drive-in tourists.

This year the city, in partnership with the State Government and private industry partners including Yara Pilbara and Sahara Forest Project, commissioned a feasibility study into establishing an intensive agriculture facility in the City of Karratha. Sahara Forest Project aims to produce fruit and vegetables using recycled sea water and salt water-cooled greenhouses, powered by the sun. The Feasibility Study was released in Q4 2017-18 and demonstrated a positive return should the facility establish in the city.

While the changing face of the resource industry is opening up new opportunities in logistics and supply chain management, a number of emerging industries are gaining momentum and also enhancing local business and employment opportunities. Gold, lithium, zinc and cobalt projects are currently being developed across the Pilbara and the city is the epicentre of this growth.



The Quarter HQ central square

Reducing costs to business

There are many opportunities for growth in our local economy and part of our drive to diversify and become less reliant on the resource industry has been to make it easier and more efficient to do business in the City of Karratha.

A thriving small and medium business sector will support the community and provide a number of career choices for local residents. Creating conditions that allow businesses to thrive is imperative to the sustainability of this sector and the City is working closely with the business community to identify and address key issues in this space.

The City currently supports small business through two grant funding schemes targeted to support the development of business and to enhance their online presence. The City also partners with local support agencies to deliver initiatives that enhance skills, knowledge and information available for local business. In addition, the City offers regional price preference for local business when bidding for City work contracts.

These programs are continually reviewed to ensure they meet the needs of the business community and deliver identified outcomes.

Infrastructure to support business investment

At the height of the industry construction boom land and accommodation were in short supply which was a key factor in the inflated housing market. Extensive progress has been made to ensure that now that the property market has stabilised, a situation like that does not occur again. More than 214 hectares of land is ready to be developed for residential housing and three industrial areas are now ready for development. In addition to the 231 hectares of industrial land already available we now have a further 507 hectares set aside for future use.

In addition, the City completed a business case for a proposal for a high-end hotel, which if built, would create employment and opportunities for local businesses, provide an additional income stream for Council and fill a gap in the existing accommodation market.

In our planning for key infrastructure we've been able to cement a number of ongoing partnerships with local industry that amalgamate funding agreements to provide better value outcomes to our community. We also work with the State Government through Landcorp and the Pilbara Development Commission on a project-by-project basis to ensure that we have facilities and amenities in place to support a healthy workforce and create opportunity for business support and development.



Bushlolly Cafe

Role clarity

Economic development aims to improve the economic capacity of an area, enhancing prospects for the improvement and wellbeing of a community. It involves government, business and private sector partners working together to foster employment and economic growth.

Planning a city requires all tiers of government and the community to work together to achieve a shared vision. Our vision is to become Australia's most liveable regional city and the capital of Australia's North West. Our progressive Council embraces opportunities that facilitate innovation and economic diversification initiatives as we strive to attract greater investment in infrastructure, greater concentration of businesses, people and vibrancy that serves both local and regional needs.

This past year we awarded \$171,300 in economic development grants across 15 local businesses. These funds have been used to develop digital presences and improve online marketing through to the provision of workshop and training opportunities on grant writing, tender applications and business development.

In addition, the City, in partnership with the Karratha & Districts Chamber of Commerce and Industry, host quarterly breakfast briefings to support our local businesses by providing up to date industry information and networking opportunities.

Challenges

A reliance on the mining, oil and gas industries presents a risk to the stability of the city's economy and being cyclical in nature, the booms and return to normalcy sequence will likely continue. We need to build a local economy that continues to operate business-as-usual regardless of these industry peaks.

A major element of this growth is the breaking down of barriers that surround our regional location and the wider post-boom mentality connected with the Pilbara region. Costs associated with doing business (insurance, finance, commercial space, transport, staff) in the Pilbara have historically been higher than other cities, though there have been some significant improvements in recent years.

Our focus is to move away from these barriers and present the wider business community with the multiple opportunities that do exist here such as our proximity to the largest emerging middle class market in the world (Asia) and the extensive land areas available for commercial development.



\$8.76 BILLION

THE CITY OF KARRATHA'S
GROSS REGIONAL PRODUCT
IS \$8.76 BILLION,
3.7% OF THE STATE GSP

Looking forward

We will continue to grow diverse and sustainable business opportunities for our local economy.

Over the 2018-19 financial year our residents can expect to see:

Progression of significant resources projects including ammonium nitrate, iron ore and gold

A multi-million dollar place branding campaign highlighting the City of Karratha as an exceptional place to do business

The bitumising of Karratha – Tom Price Road as a State Government initiative

The development of a long vehicle parking area to support self-contained visitors

The progression of the Balla Balla project before on-the-ground construction commences

Continued diversification of local economy

Expansion and life-extension of Woodside's Karratha Gas Plant with Browse and Scarborough gas fields to come online

Development of renewable energy, hazardous waste recycling, downstream processing industries and tourism industries

Maitland Strategic Industry Area ready for development

Support for business development and the incubation of small, local businesses.



2.4 Our Natural and Built Environment: Thriving and sustainable

Our goal is to protect our natural and built environment.

Caring for our natural environment

Our foreshore assets are important to our community and planning around the development and preservation of these areas has been a centrepiece of our environmental strategies over the last 12 months. Community consultation throughout the year on our newly developed Foreshore Management Plan has been a crucial component in ensuring we provide much-loved and well cared for recreational beach spaces in the coming years.

Living in such a dry climate means our community are at a greater risk of bushfires and cyclonic activity and each year Council takes action to mitigate this as much as possible. In 2017-18 we worked with the Department of Fire and Emergency Services to continue to grow the Nickol Bay Bush Fire Brigade; a volunteer team who focus on attending bushfires in close proximity to our towns. By implementing this extra level of support bushfires in the area are able to be attended quickly without the need call in a residential fire crew and this means both our natural and built environments have dedicated help on hand 24/7.

Our annual cyclone yard clean-up program saw 550 tonnes of waste collected from residential homes in preparation for the 2017-18 cyclone season. This service is provided in addition to the weekly kerbside waste and fortnightly kerbside recycling services available to residents and serves as a timely reminder for residents to take action and ensure their property is prepared for the warmer months.

Becoming more energy efficient

As an organisation, Council is continually taking measures to improve energy efficiency and ensure benchmarking figures outlined in the Energy Efficiency Action Plan are met. Each of our facilities review operations annually to assess performance and what action could be taken to further reduce energy use without jeopardising the service provided to our residents. Formal energy audits were carried out at the Karratha Airport, Wickham Recreation Precinct and the main administration building in 2017-18.

Improving recycling and waste management

Despite challenging market conditions for recyclable product internationally, Council and service contractor, Cleanaway, have committed to continuing the residential kerbside recycling service introduced in February 2017.



Cossack on low tide, Russell Ord Photography

Sustainably managing our resources

We have retained our official Water Corporation endorsement as a 'Waterwise Council' as we continue to focus on water efficiency through our effluent reuse scheme and grey water irrigation.

A beautiful place to live

We recognise the importance of fostering pride in our city and a major component of this is providing a CBD and residential environment that is clean, attractive and inviting. The liveability and aesthetic components of all Council projects have these elements at their heart so that as more of our residents begin to view the city as their long-term home we are providing the streetscapes and amenities that rival the rest of the nation.

Landscaping and development requirements for commercial properties as per Council policies support our work in this area.

Challenges

Contamination of household recycling continues to be a challenge within the community. To improve the viability of the service an extensive online campaign informing residents on what is acceptable recycling product was implemented. This targeted communications approach will continue as we work to bring contamination rates down. Kerbside recycling contamination rates currently sit at approximately 20 per cent with a goal to bring this down below five per cent.



1 MILLION +

MORE THAN A MILLION
PETROGLYPHS EXIST ON THE
BURRUP PENINSULA

Looking forward

The contrast of billion dollar industry and spectacular natural environment highlights for Council the importance of ensuring the sustainability of everything we do now and into the future.

Over the 2018-19 financial year our residents can expect to see:

Development of low-speed Conzinc Bay Road connection through Murujuga National Park

Application for World Heritage Status continue for Burrup Peninsula

Installation of solar at City Operations Centre

Continued online campaigns around recyclable product and contamination

Continuation of the construction and implementation of higher grade waste cells

Next instalment of our road reseal and footpath programs.



Python Pool



2.5 Our Leadership: Responsive and accountable

Our goal is to provide accessible, transparent and responsive leadership.

Raised profile of the City

The City of Karratha is a progressive and dynamic city council. Our work to grow and diversify our economy has seen us gain state-wide and national recognition for the region, highlighting our leading approach to local government operations.

One of the highlights of the media attention gained this year has been that surrounding the nationally acclaimed Vast Project. This collaboration saw more than 30 Australian artists, including Paul Dempsey and Bernard Fanning descend on Cossack in September 2017 where they were fully immersed in the culture and landscape of the Pilbara region at its stripped back core. This project was funded completely by the City of Karratha and the State Government through the Department of Local Government, Sport and Cultural Industries and all funds raised from the suite of works produced will create The Vast Trust, to be made available to support the growth and development of local artists.

The Red Earth Arts Precinct is the only facility of its kind in the Pilbara region, providing a 450+ seat theatre, rooftop cinema, outdoor

amphitheatre and state-of-the-art library. This arts and culture hub is contributing to the city's profile by attracting major conferences to Karratha; activating the city centre; attracting touring events to the North West; enabling small businesses to host community events; and enhancing the development of the tourism industry through additional visitation to the city. Conferences such as the Australian Performing Arts Exchange and Conference, which will see 300 delegates spend five days in Karratha and surrounds in September, provide a significant boost to the local economy.

This year Karratha was selected to represent the Pilbara region as part of the Queen's Baton Relay in the lead up to the 2018 Gold Coast Commonwealth Games. This presented an opportunity for our community to celebrate local heroes on a national stage, bringing residents of all ages together and rallying excitement for the Commonwealth Games held on the Gold Coast in April.

Council has now awarded a \$1.9million place branding contract to raise the profile of the city and deliver an integrated, national marketing and advertising campaign, which will commence in 2019.



Karratha City Centre

Continuous improvement and innovation

Our staff members are a valued part of our organisation, taking on those daily tasks and responsibilities that ensure the City of Karratha runs smoothly. Supporting employees to carry out their roles is a crucial component of Council work and providing high quality training opportunities and well executed performance reviews are of utmost importance.

In order to stay relevant to our community we must ensure we continue to develop our online functionalities, especially when it comes to Council-owned facilities. This year we have been able to implement a number of online forms at the Karratha Leisureplex and through our City of Karratha website to streamline sign-up processes and remove the need for residents to physically visit offices. There is still a lot of room to grow in this space and it is important we move with digital progression and make processes as easy and convenient as possible for our community.

Work continues to bring the Karratha Visitor Centre services in house with Council adopting the proposal in June, 2018. Extensive strategic planning around the incorporation of visitor services into daily Council activities is now underway and the Karratha Visitor Centre will become a City of Karratha service in 2018-19.

Financial sustainability

We continue to undertake stringent budget reviews each quarter to ensure Council never rests, moving projects forward and expanding service offerings as funds allow. This year a financial audit was undertaken with results indicating strong fiscal responsibility and just one recommendation made in regard to rates in arrears. Preparations for revised long term financial planning continued with an updated plan set to be released in 2018/19. This plan will include the diversification of Council investment portfolios into property options that present a higher return than the primary investment regime of bank term deposits. These kinds of investments will help to alleviate reliance on rates as a source of revenue into the future and Council will look to continue diversification in this space.

Strong partnerships and Indigenous relations

Part of our work to further build relationships with key Indigenous groups in the area has been the continued development of a robust Aboriginal and Torres Strait Islander Engagement Strategy which is currently undergoing review. This strategy will serve as Council's guiding compass, outlining best practice initiatives bespoke to the Ngarluma peoples of this land.

Much of the work we undertake as a Council is underpinned by the multi-million dollar partnerships we have been able to secure with local industry. These formal agreements focus on pooling resources to provide more valuable community outcomes and using joint funds to leverage further external support for projects, programs and events.



Karratha Airport

Services that meet community needs

Each year the annual community survey provides us a snapshot of community sentiment around the services we provide, comparing the perceived performance of every public-facing action of Council with how important residents consider this to be. These evidence-based results provide a clear indication of where we are under and over-performing, outlining a roadmap for budget distribution over the next financial year. Council continues work toward effectively removing performance gaps across the board and growing the community's overall satisfaction score with Council as a whole. This year our community survey returned a 73/100 rating of Council, an increase of three points from 2016-17.

In order to ensure our community always receives best value for money, service reviews are regularly undertaken. An organisation-wide review took place in 2016 with a number of changes made to departments that resulted in improved service delivery. New customer service hours trialled in January 2017 were made permanent in July 2017 to meet the requirements of a growing residential population.



480,956

KARRATHA AIRPORT
SAW 480,956 PASSENGER
MOVEMENTS IN 2017/18

Challenges

Rates

There is a perception by some in the community that rates are unreasonably high and that they should be reduced in line with revaluations in the property market despite the cost of delivering local government services remaining the same. In 2017-18 rates paid by the average residential property owner were comparable to properties in the Perth metropolitan area. Rates made up approximately one-third of funding sources for the City this year with the majority of funding coming from alternative sources including grants from the government and corporate partners, fees and charges, and return on investments like Karratha Airport, 7 Mile Waste Facility and The Quarter HQ.

Expansion of flight services

Expanding flight connection options from Karratha Airport has been high on Council agenda since the extensive refurbishment of the Karratha Airport terminal in 2015. While a service provider was secured for both a domestic and international route in June 2017, the company was placed into receivership and the service did not commence. While this has impacted the City's aspiration to grow international and domestic services, Council remains committed to improving connectivity and travel options for residents.

Transient Workforce Accommodation

While Council's preference is for workers to be based residentially there continues to be a requirement for industry to use FIFO workers especially around construction projects and periods of maintenance. Council's strong preference is that where FIFO workers are required, they are accommodated in more permanent forms of town-based accommodation wherever possible. The City continues to work with industry partners and the State Government to ensure that workers are based residentially and where there is a demonstrated need for a FIFO workers, they are accommodated in community appropriate and integrated facilities.

Looking forward

Our work to cement City of Karratha Council as a leading local government continues.

Over the 2018-19 financial year our residents can expect to see:

The establishment of the Vast Trust

Increasing revenue from commercial facilities

Continue to work with Woodside and the State Government on the Bay Village TWA camp proposal to achieve the best possible outcome for our community

The progression of a proposal to invest in The Quarter Hotel

Continued partnerships with industry and state government to deliver the Wickham Community Hub

Continued use of community feedback to inform Council decision-making and service delivery.



2.6 Strategic Pillars Case Study: Red Earth Arts Precinct

On Saturday 28 April 2018, after a construction period of 20 months, our \$56million Red Earth Arts Precinct opened to the community.

This facility provides a permanent home for arts and culture, right here in the heart of the City of Karratha and is a game-changer for our region in this space moving forward. Providing a 450+ seat theatre, rooftop cinema, outdoor amphitheatre and state-of-the-art library space, the Red Earth Arts Precinct is an innovative and unique focal point for our community, a place to share our creativity and showcase the city to a wider audience.

Architecturally this building is one of a kind, reflecting the Karratha hills that overlook it; a statement piece as you enter Karratha. Technologically, the precinct exceeds expectations, providing the same systems and equipment for library-users, conferencing and performances you would find in a much larger metropolitan area.

The planning, construction and delivery of the Red Earth Arts Precinct has been a project Council has been eager to progress since the loss of the Walkington Theatre to flooding in 2011. With the property leases at the North West Regional TAFE for the Karratha Library and Moonrise Cinema facilities drawing to an end it was only logical to create more than just a replacement theatre and extend planning and design to include an entire cultural precinct for the city moving forward.

With the location of the precinct in what is considered an extreme climate, a number of architectural initiatives were included to improve energy efficiency of the facility. These involved additional layers of

insulation on the walls and roof, additional membrane and sealing throughout the building and inclusion of a high performing glazing system for temperature control. Mechanical and electrical initiatives also included CO2 control on air handling units and lighting control through intelligent scene setting systems.

This precinct is the final major piece of community infrastructure required to bring city-level amenities to our local government area. Construction of the facility has already delivered significant economic benefits to our region and this will continue through ongoing employment and increased visitation once it becomes operational. The Red Earth Arts Precinct will also provide significant social benefits to the community through the provision of a high quality entertainment facility suitable for attracting a range of enhanced entertainment and recreation options not previously seen in the North West.

The Red Earth Arts Precinct is the only major theatre between Geraldton and Darwin and provides an iconic hub for the community and arts in the region. As a mixed-use facility, the precinct provides resources for visual and performing arts, a modern library with state-of-the-art technology, an outdoor screen for movies and functions, rehearsal spaces, dressing rooms and foyer areas. Long awaited by the community, the facility has been made possible through highly leveraged capital funding secured through industry and governmental partnerships.



Our Red Earth Arts Precinct provides the local community and visitors to the region with an exceptional facility they can enjoy in various capacities; from enjoying live music with friends on the amphitheatre or taking in an outdoor movie up on The Shelf to attending a small business workshop or joining in a rhyme time singalong at the library. The precinct caters to the diverse needs of our residents while still allowing for the growth and development of our population and their potential requirements into the future.

With extensive conferencing options and hosting capabilities Karratha now has the infrastructure in place to further support business opportunities from local management meetings through to national expos accommodating up to 450 delegates. This kind of infrastructure and Council investment in bringing it to fruition sends a clear message to businesses looking to set up in the region; our city is worth investing in and it is led by a local Council that continues to invest in their local economy, in their facilities and in their residents.

The construction of the Red Earth Arts Precinct was made possible thanks to the Australian Government's National Stronger Regions Fund, the State Government's Royalties for Regions program administered by the Pilbara Development Commission, the Woodside-operated North West Shelf Project, Rio Tinto, Lotterywest and the City of Karratha.



450 seats
in the theatre



20 month
construction period
Sept 2016 to April 2018



Site footprint
equivalent to a
Manhattan City block



Local Contractors
utilised whenever
possible



Concrete volume
equal to all the pools at
Karratha Leisureplex



24m tall
at its highest point



60km of audio cables
installed throughout
the precinct



Opened
on Saturday
28 April 2018



Kirana Ma
Entry Point
to the
Savanna



SECTION 3

GOVERNANCE

This section details the corporate governance systems in place that ensure the City of Karratha operates transparently and in the best interests of our community.



Murujuga National Park



City of Karratha Administration Centre

3.1 Governance

The City of Karratha is one of 137 local governments in Western Australia and is led by a Council consisting of 11 elected members.

As the third tier of government in Australia (following federal and state) local government is the one that works most closely with residents and community members and has the most direct effect on the daily lives of those living in the area.

The City of Karratha operates in accordance with the Local Government Act 1995 which sets out a framework for operating transparently as a local government authority. Further information regarding the Local Government Act 1995 can be found at www.slp.wa.gov.au.

Role of Council

City of Karratha Councillors are democratically elected by our community to represent the best interests of our residents and make transparent decisions around the priorities and future needs of our towns. Councillors have a responsibility to the entire community and must act in accordance with all local government legislation.

Our councillors

Karratha Ward



Cr Peter Long

Mayor
City of Karratha
Councillor since: 2011
City of Karratha Mayor since: 2013
T 0409 822 847
E Mayor@karratha.wa.gov.au



Cr Grant Cucel

Deputy Mayor
City of Karratha
Councillor since: 2015
City of Karratha
Deputy Mayor since: 2017
T 0438 418 009
E Cr.Cucel@karratha.wa.gov.au



Cr Margaret Bertling

City of Karratha
Councillor since: 2017
Previous term: 2011 - 2013
T 0409 115 027
E Cr.Bertling@karratha.wa.gov.au



Cr George Levissianos

City of Karratha
Councillor since: 2017
T 0418 957 255
E Cr.Levissianos@karratha.wa.gov.au



Cr Pablo Miller

City of Karratha
Councillor since: 2017
T 0402 515 996
E Cr.Miller@karratha.wa.gov.au



Cr Daniel Scott

City of Karratha
Councillor since: 2015
T 0438 938 332
E Cr.Scott@karratha.wa.gov.au



Cr Evette Smeathers

City of Karratha
Councillor since: 2009
T 0458 064 478
E Cr.Smeathers@karratha.wa.gov.au



Cr Joanne Waterstrom Muller

City of Karratha
Councillor since: 2017
T 0437 283 287
E Cr.Waterstrom-Muller@karratha.wa.gov.au

Roebourne/Wickham/Cossack/Point Samson Ward**Cr Gary Bailey**

City of Karratha
Councillor since: 2003
T 0429 429 664
E Cr.Bailey@karratha.wa.gov.au

**Cr Kelly Nunn**

City of Karratha
Councillor since: 2017
T 0448 882 508
E Cr.Nunn@karratha.wa.gov.au

Dampier Ward**Cr Georgia Evans**

City of Karratha
Councillor since: 2017
T 0457 795 226
E Cr.Evans@karratha.wa.gov.au

Election of Mayor and Councillors

The City of Karratha is required to conduct Councillor elections every second year on the third Saturday in October. The members of Council (Mayor and 10 Councillors) are elected for four year terms, with half of these terms concluding at each biennial election. The City has chosen to conduct its ordinary elections as postal elections by the Western Australian Electoral Commission. The Commission appoints a Returning Officer who oversees the elections which include taking candidate nominations and supervising the count on election night.

Elections were held on Saturday 21 October, 2017 with six seats up for election across the three City of Karratha wards:

- Four in Karratha (14 nominations received)
- One in Dampier (One nomination received)
- One in the Wickham/Point Samson/Roebourne/Cossack/Pastoral Ward (Two nominations received)

New Councillors (21 October 2017):

- Cr Georgia Evans, 4 year term, expires 2021
- Cr George Levissianos, 4 year term, expires 2021
- Cr Pablo Miller, 4 year term, expires 2021
- Cr Jo Waterstrom Muller, 4 year term, expires 2021
- Cr Kelly Nunn, 4 year term, expires 2021

Returning Councillors (21 October 2017):

- Cr Evette Smeathers, 4 year term, expires 2021

Retiring Councillors (21 October 2017):

- John Lally OAM
- Fiona White-Hartig
- Bart Parsons
- Robin Vandenberg
- Geoff Harris

Resignations

- Nil

The next date for ordinary local government elections is Saturday 19 October, 2019.

3.2 Mayor and Councillor Meetings and attendance

Council is the decision-making body for the City and usually meets on the third Monday of every month, at 6.30pm. The Chief Executive Officer and Directors also attend this meeting with the Mayor as the presiding member. The Directors assist Councillors with any information further to the agenda that they may require to make well-informed decisions.

Council meeting attendance

Members of the public are welcome to attend Council Meetings but must save any comment or question for Public Question Time, included on the agenda of every meeting. Members of the public are required to leave the meeting should confidential items need to be discussed.

The minutes of each Council Meeting are available to the public and are published to the City of Karratha website within three days.

MEETING TYPE	DATE	LOCATION	COUNCIL BRIEFING SESSION	NUMBER PUBLIC ATTENDANCE
Ordinary Council Meeting	17/07/2017	Chambers	Yes	1
Ordinary Council Meeting	21/08/2017	Roebourne	Yes	2
Ordinary Council Meeting	18/09/2017	Chambers	Yes	9
Ordinary Council Meeting	16/10/2017	Chambers	Yes	4
Ordinary Council Meeting	20/11/2017	Chambers	Yes	7
Ordinary Council Meeting	11/12/2017	Chambers	Yes	4
Ordinary Council Meeting	22/01/2018	Chambers	No	8
Ordinary Council Meeting	19/02/2018	Chambers	Yes	4
Ordinary Council Meeting	19/03/2018	Chambers	Yes	4
Ordinary Council Meeting	16/04/2018	Roebourne	Yes	4
Ordinary Council Meeting	21/05/2018	Chambers	Yes	5
Ordinary Council Meeting	29/06/2018	Chambers	Yes	8
Special Council Meeting	23/10/2017	Chambers	N	10
Special Council Meeting	7/05/2018	Chambers	N	1
Special Council Meeting	5/06/2018	Chambers	N	30
Electors' Meeting	11/12/2017	Chambers	N/A	0



Wickham Community Hub Skate Park under construction



Point Samson

Cr Bailey

11/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Harris

4/12 Ordinary Council Meetings
(8 not applicable)
0/3 Special Council Meetings
(not applicable)
0/3 Electors' Meeting
(not applicable)

Cr Miller

7/12 Ordinary Council Meetings
(4 not applicable)
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Smeathers

11/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Bertling

11/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Lally

4/12 Ordinary Council Meetings
(8 not applicable)
0/3 Special Council Meetings
(not applicable)
0/3 Electors' Meeting
(not applicable)

Cr Nunn

7/12 Ordinary Council Meetings
(4 not applicable)
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Vandenberg

3/12 Ordinary Council Meetings
(8 not applicable)
0/3 Special Council Meetings
(not applicable)
0/3 Electors' Meeting
(not applicable)

Cr Cucel

11/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Levissianos

8/12 Ordinary Council Meetings
(4 not applicable)
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Parsons

2/12 Ordinary Council Meetings
(8 not applicable)
0/3 Special Council Meetings
(not applicable)
0/3 Electors' Meeting
(not applicable)

Cr Waterstrom Muller

8/12 Ordinary Council Meetings
(4 not applicable)
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Evans

8/12 Ordinary Council Meetings
(4 not applicable)
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Long

11/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr Scott

12/12 Ordinary Council Meetings
3/3 Special Council Meetings
1/1 Electors' Meeting

Cr White-Hartig

2/12 Ordinary Council Meetings
(8 not applicable)
0/3 Special Council Meetings
(not applicable)
0/3 Electors' Meeting
(not applicable)



Dampier Information Bay and Red Dog Statue

Details of Council sub-committee and number of meeting days

Audit and Organisational Risk Committee for a two-year term

Cr Long, Cr Cucel, Cr Scott and Cr Smeathers
No. sitting days: 3

Internal advisory groups with councillor representation

Environment and Sustainability Advisory Group for a two-year term

Cr Long and Cr Cucel

Arts & Culture Advisory Group for a two year term

Cr Evans, Cr Smeathers and Cr Waterstrom Muller

Red Earth Arts Precinct Project Advisory Group for a 6 month term

Cr Long, Cr Cucel, Cr Bertling, Cr Levissianos and Cr Smeathers

Safer Communities Partnership for a two year term

Cr Long, Cr Cucel, Cr Bertling, Cr Nunn and Cr Waterstrom Muller

Tourism Advisory Group for a two year term

Cr Long, Cr Cucel, Cr Evans, Cr Miller, Cr Scott and Cr Waterstrom Muller

Airport Advisory Group for a two year term

Cr Long, Cr Cucel, Cr Levissianos, Cr Scott and Cr Smeathers

Waste Advisory Group for a two year term

Cr Long, Cr Evans and Cr Nunn

External bodies with councillor representation

Council representatives to the Pilbara Regional Council for a two-year term:

2 Councillors – Cr Long, Cr Levissianos; and
3 proxies – Cr Cucel, Cr Bertling and Cr Scott (if required);

Council representative to the Pilbara Regional Road Group for a two-year term

Cr Long

Council representative to the Welcome Community House Management Committee for a two-year term

Cr Evans

Kimberley/Pilbara/Gascoyne (Northern) Joint Development Assessment Panel

Cr Long and Cr Cucel as local government members; and
Cr Smeathers and Cr Bertling as alternate local government members

Councillor conduct

No complaints were received in 2017/18.



Dampier stand up paddleboarding

Community Assistance

The aim of community grants and funding is to offer local not-for-profit community, sporting, cultural and service groups, associations and individuals financial assistance to foster high quality programs, community events, facilities and services that provide a benefit to the community.

Community grant schemes include:

GRANT SCHEME	NO. OF ALLOCATIONS	TOTAL AMOUNT ALLOCATED
Annual Community Grant Scheme	17	\$245,257
Quarterly Grant Scheme supported by Woodside-operated North West Shelf Project	62	\$92,271
Computers for Communities	4	N/A
Artwork for Communities	4	N/A
Major Event Sponsorship and Attraction Program	3	\$179,138
Community Delivered Events: <ul style="list-style-type: none"> • FeNaCING • Roebourne Cup • Northwest Sprintcar Stampede • Nickol Bay Billfish Shootout 	4	\$148,887
Annual Community Association Development Scheme	20	\$499,969

3.3 Corporate Governance

Corporate governance is the framework that serves as a control for the decision-making of local governments. This system ensures that the decisions made by Council are informed, transparent and balanced.

Planning for growth

Integrated planning and reporting framework is provided to assist local governments in meeting its responsibilities. The Integrated Strategic Planning framework consists of the following plans for the City of Karratha:



Chris Adams
Bachelor of Arts
Chief Executive Officer
Appointed: September, 2012

Our organisation

The City of Karratha organisational structure supports Council in making expertly informed and transparent decisions on behalf of the community that provide value for money to ratepayers. Organisational structure is the responsibility of the Chief Executive Officer and is endorsed by Council.

The City of Karratha Executive Management Team is made up of directorate leaders, each experts in their field and strong industry leaders.

Council services are delivered to the community through five directorate groups, led by the Executive Management Team:



Mark Casserly
Bachelor of Physical Education
Diploma of Teaching
Graduate Diploma of Business
Director Community Services
Appointed: November, 2016



Phillip Trestrail
Master of Business Administration
Bachelor of Laws
Bachelor of Business
Director Corporate Services
Appointed: April, 2013



Ryan Hall
Master of Business Administration
Master of Urban and Regional Planning
Bachelor of Social Science
Director Development Services
Appointed: February, 2017



Simon Kot
Bachelor of Applied Science
Diploma of Project Management
Diploma of Public Sector Management
Director Strategic Projects & Infrastructure
Appointed: February, 2010

COMMUNITY SERVICES

- Arts and Culture
- Recreation Facilities & Youth Services
- Partnerships and Engagement

CORPORATE SERVICES

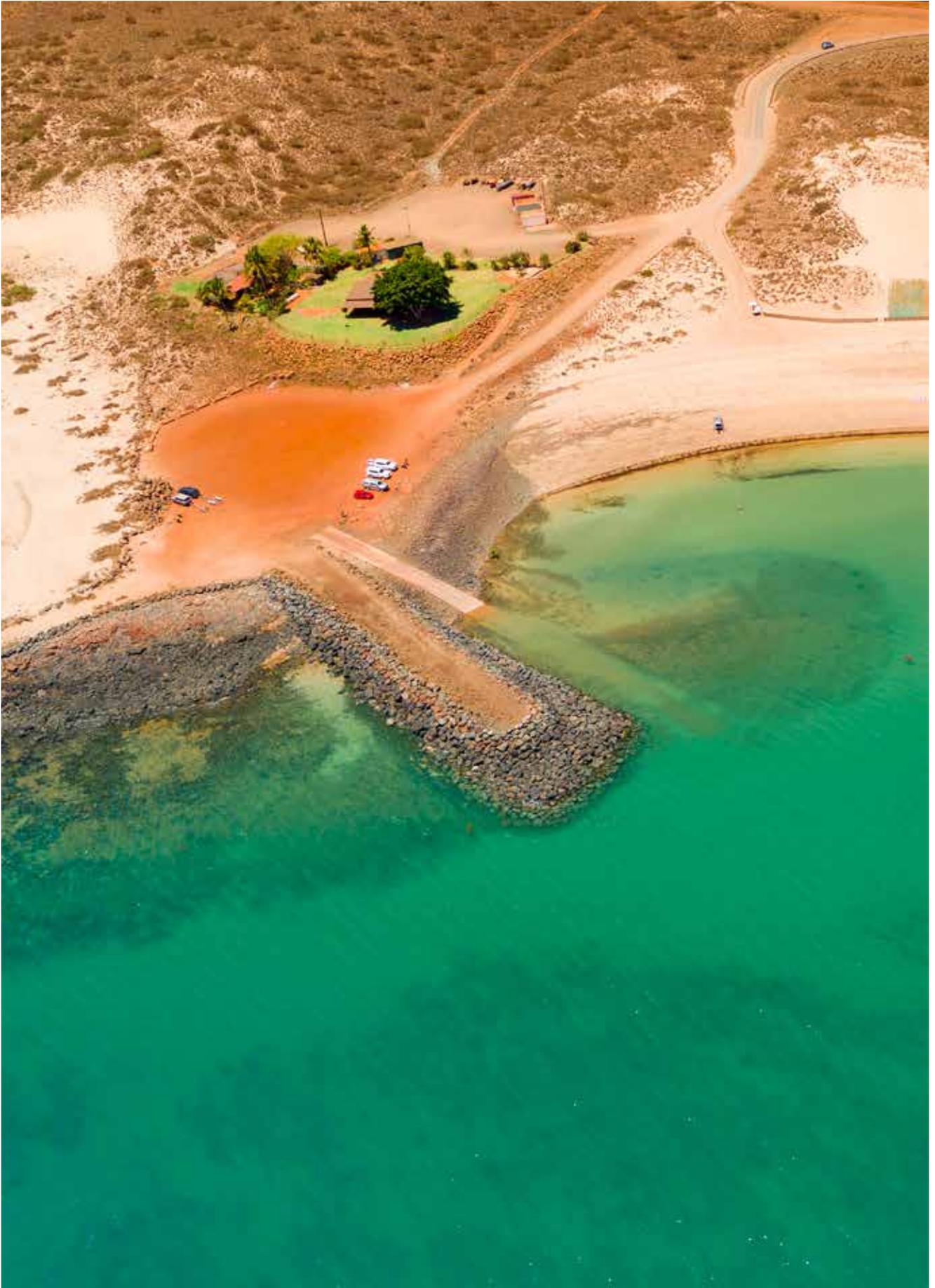
- Financial Services
- Governance & Organisation Strategy
- Human Resources
- Information Services
- Marketing and Communications

DEVELOPMENT SERVICES

- Economic Development
- Regulatory Services
- Planning Services

STRATEGIC PROJECTS AND INFRASTRUCTURE

- Infrastructure Services
- City Services
- Airport
- Strategic Projects



Port Walcott Yacht Club



Environmental Health water sampling

Our employees

City of Karratha employees are Council’s most valuable resource. They are the primary means by which our organisational goals and objectives are met and the City has made a commitment to manage, improve and develop staff resources efficiently and effectively.

Continuous development opportunities and coordinated procedures are in place that respect the worth of individuals, encourage the initiative of each employee, challenge individual capabilities and provide equal opportunity.

The City of Karratha employs 449 staff members, working across five directorates and based in 15 locations.



274 FTE



208 Full Time

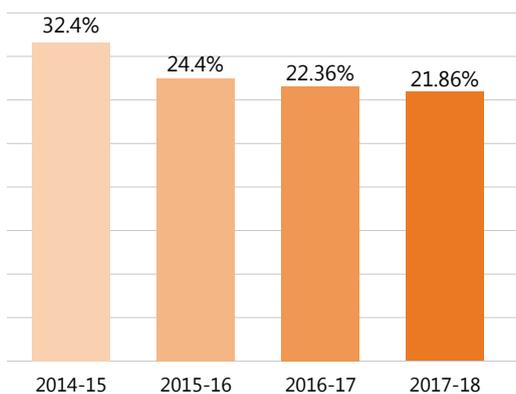


48 Part Time

Employee turnover rate

The employee turnover rate for the 2017-18 financial year has decreased by 0.5 per cent on last year and this continues the downward trend beginning in 2014-15.

Employee turnover



Employee diversification statistics



Female Workforce

73% indoor 30.4% outdoor



Mature Employees

25.6% indoor 62.3% outdoor



Aboriginal Australians

1.6% indoor 2.9% outdoor



Young People

18.8% indoor 1.4% outdoor

Workforce remuneration

Regulation 19B of the Local Government Regulations 1996 requires the reporting of the number of employees within the City of Karratha with an annual salary of \$100,000 or more.

Employee salary more than \$100,000:

BRACKETS	2017-18
\$100,000 - \$109,999	3
\$110,000 - \$119,999	4
\$120,000 - \$129,000	1
\$130,000 - \$139,000	1
\$140,000 - \$149,000	6
\$150,000 - \$159,000	3
\$160,000 - \$169,000	0
\$170,000 - \$179,000	0
\$180,000 - \$189,000	2
\$190,000 - \$199,000	0
\$200,000 - \$209,000	0
\$210,000 - \$219,000	1
\$220,000 - \$229,000	0
\$230,000 - \$239,000	2
\$380,000 - \$389,999	1



Cossack

Development of employees

The City of Karratha encourages the professional development of employees providing optional training sessions for staff on topics ranging from cultural awareness to interpersonal communication, process mapping to records management.

The Annual Performance and Development Review gives employees the opportunity to discuss their achievements, challenges and the actions they need to take to continue improving. The Performance and Development Review allows for individual employee goals and work tasks to be aligned with the goals of the City. Together, employees and management staff rate performance and engage in two-way discussion about roles, tasks and achievements.

In addition, the City of Karratha offers a flagship training program each year to selected applicants that focuses on building their career within Council. This Emerging Leaders Program offers a 12 month professional development experience that focuses on increasing leadership skills within the organisation and has been designed to supplement any further training staff are undertaking that may be more role specific.

The objectives of the program are to:

- support and develop emerging leaders in the organisation;
- provide an opportunity to work on projects of organisational significance;
- provide an opportunity for participants to network with emerging leaders from different professions to build stronger links and an understanding between professions;
- provide training, professional development and coaching opportunities for emerging leaders that is not necessarily 'management' focused; and
- provide mentoring opportunities.

Equal Opportunity Employment in the Workplace

Council has an Equal Employment Opportunity policy in place to ensure that we provide a working environment that embodies our core value of respect and upholds State and Commonwealth laws concerning harassment and discrimination.

The Aboriginal Employment Strategy, Disability Access and Inclusion Plan and a Reconciliation Action Plan continues to increase the number of traineeships and apprenticeships offered to young people. In 2017-18 the City provided eight traineeship and apprenticeship opportunities.

To ensure hiring processes are fair and objective all staff receive training around unconscious bias and a human resources representative is present at all employment interviews. In 2017/18, 40.7% of managers identified as being from culturally and linguistically diverse backgrounds.

*Together employees
and management rate
performance and engage in
two-way discussion about
roles, tasks and achievements.*



449 EMPLOYEES

THE CITY OF KARRATHA EMPLOYS 449
STAFF MEMBERS, WORKING ACROSS
FIVE DIRECTORATES AND BASED IN 15
LOCATIONS



Dampier Community Hub

Workplace Occupational Safety and Health

The City of Karratha has made a commitment to provide employees a safe working environment.

Our key focus is on providing appropriate information, training and supervision to all employees and contractors, employing the kinds of people who hold the same values as Council; integrity, teamwork, innovation and leadership to ensure a coherent workforce that prioritises safety in the workplace.

A number of risk management strategies are in place organisation-wide which promote and continuously improve health and safety performance. Each of our 15 worksites has an Occupational Safety and Health representative who checks in with employees and inspects working areas regularly providing assistance where required. Any serious concerns are reported immediately to the City of Karratha Occupational Health and Safety Officer and actioned appropriately. The Occupational Health and Safety policy is reviewed annually.

2017-18 highlights:



147 work place inspections across City facilities



224 gym memberships taken up by staff at Karratha Leisureplex



121 employees underwent skin screening

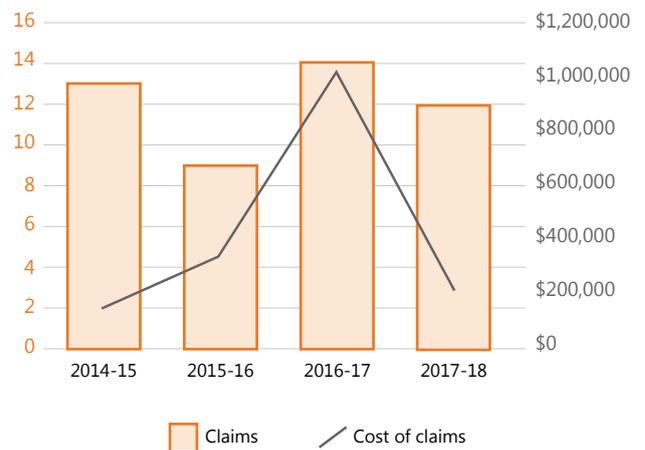


80% of employees do not smoke



77 employees received the flu injection

Claims



FINANCIAL YEAR	NUMBER OF CLAIMS	COST OF CLAIMS
2014-15	13	\$128k
2015-16	7	\$315k
2016-17	14	\$1M
2017-18	12	\$44k

Supporting our volunteers

The City of Karratha strongly supports volunteering in our local community and has a number of volunteering policies in place to ensure residents and employees carrying out these activities have the support they need to be successful.

The City of Karratha volunteering policies provide employees the opportunity to:

- actively engage volunteer participation by residents;
- respect the rights and interests of volunteers and staff;
- complement the work of paid staff and services provided by Council;
- encourage and acknowledge the contribution of volunteers who provide services to the community; and
- ensure adequate orientation, support, training and supervision is provided for volunteers during their period of volunteering.

Register of complaints

During the period 1 July 2017 to 30 June 2018 no breach or complaint was registered under Part 5, Division 9 of the Local Government Act 1995.

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the City is required to publish an Information Statement which details the process of applying for information under the Act, as well as information that the City provides outside of the Act. During the 2017-18 year, six FOI applications were received with all six applications settled within the statutory 42-day period.

The following are some of the documents available for public inspection at the City of Karratha free of charge:

- Council agenda and minutes
- Annual budgets
- Annual financial statements
- Annual reports
- Electoral rolls

Many of the above documents are also available for download on the City of Karratha website: www.karratha.wa.gov.au

National Competition policy

The Competition Principles Agreement (CPA) is a contractual agreement between the Federal Government and all State and Territory Governments. The CPA aims to ensure that all public enterprises operate in a transparent manner in the best interests of the public.

The City of Karratha continues to meet its obligations to the competition policy and monitors introduction of council policies and local laws which may be subject to anticompetitive practices.

Strategic Asset Management

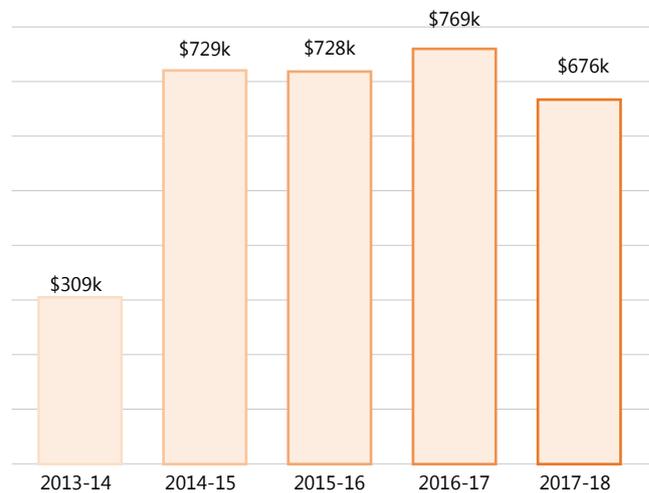
The City of Karratha manages a portfolio of more than \$753 million and has extensive management policies in place to ensure best results for the community.

Asset Management Policy and Planning

The Asset Management Policy is a guide for the strategic management of the City of Karratha resources and public infrastructure. The plan takes into account long-term demand, asset renewal and projected expenditure required to continue a high standard of operation. Each of the City of Karratha's asset management protocols are in line with State Government's Integrated Planning and Reporting Framework.

The City of Karratha reviews its Asset Management Policy to ensure planning in place remains current and takes into account any new, replaced or improved assets as they stand. A review of the Asset Management Plan and the associated Policy will take place during the 2018-19 financial year.

Trend data relating to value of assets City of Karratha has held over past five years



*2014-15*spike due to revaluation of infrastructure assets
2017-18 spike *revaluation to fair value of our infrastructure assets*

Enterprise Risk Management

Enterprise Risk Management (ERM) is a strategy employed by an organisation to consider all the different types of risks associated with each element of a business. This process is used to help guide decision-making and manage the potential impact of identified risks on the success of organisational goals.

The City of Karratha uses best practice ERM methodology to identify, prioritise and respond to issues that have the potential to prevent us from achieving Council objectives. Reviews of potential risks are undertaken at least twice per year and City of Karratha's risk register includes:

Strategic, Corporate and Operational Risks

Risks are reviewed at every level of Council from those that could affect a single project or service to those that could affect the entire organisation and community. These risks are divided into Strategic, Corporate and Operational risks. Strategic and Corporate risks are reviewed by the City of Karratha Executive Management Team on an annual basis and Operational risks are reviewed quarterly by each directorate.

All risks are reported to the Audit & Organisational Risk Committee as they are identified.



Old Roebourne Gaol

Audit & Organisational Risk Committee

The City of Karratha Audit and Organisational Risk Committee liaises with internal and external auditors to ensure the appropriate performance and management of Council affairs. In addition to this, the committee provides advice on the managements of risks and risk registers.

Audit & Organisational Risk Committee membership is comprised of the Mayor and three Councillors; during 2017-18 Councillor Evette Smeathers held the positions of Chair. The terms of reference for the Audit & Organisational Risk Committee were received and adopted by the Council in March 2018.

The Audit and Organisational Risk Committee met three times over the last financial year:

- 25 July 2017
- 20 October 2017
- 6 March 2018

Internal Auditing

As a local government, the City of Karratha is responsible for reviewing and auditing the procedures and systems in place in regard to risk management, internal controls and legislative compliance. The City of Karratha has an internal audit team that provides internal reports to the Audit & Organisation Risk Committee. The City conducted an audit on Corporate Credit Card use during the 2017-18 financial year.

Independent Auditing

A number of independent audits were carried out in the 2017-18 financial year with the Office of Auditor General undertaking a performance review of the City of Karratha's procurement systems. This report was presented to Parliament in September 2018. There were no significant findings for the City of Karratha.

Additionally, the Department of Local Government undertook a Policy Audit on the City's systems and procedures and have reported no matters of concern. The Department found the City's processes, procedures and compliance are of a high standard with examples of good practice worthy of promoting to the sector.

AMD Accountants also conducted a Financial Management Review of the City's systems in accordance with Regulation 5 of the Local Government (Financial Management) Regulation 1996.

Only one minor finding was identified where a number of rates debtors had outstanding balances in excess of three years. City staff have been proactive and a Council Policy enables action to be taken to recover rates under the Act after five years. Comment was also made on the City's Asset Sustainability Ratio that was below the recommended guidelines.



Point Samson

Contracts and Procurement

All procurement is carried out as required by the Local Government Act 1995, the Local Government (Functions and General) Regulations 1996 (as amended) and the City of Karratha’s own purchasing policies. The City undertakes an extensive review of framework in this space annually and delivers a training to employees around purchasing to ensure value for money is being delivered to ratepayers.

Public Tenders, Request for Quotations and Purchasing

The City issued 42 public tenders and 53 formal requests for quotation documents during 2017-18.

Significant contracts awarded included:

- Construction of waste cell 3 at 7 Mile Waste Facility (\$4m)
- Operations Centre construction and refurbishment (\$2.9m)
- Provision of contract cleaning services (\$2.1m)
- Construction of airport hangar at Karratha Airport (\$1.8m)
- Expansion of Karratha Leisureplex gym facility (\$1.4m)

In 2017-18 the City issued 10,735 purchase orders with 40 per cent of all work allocated to local business, valued at \$62.5 million. As part of our commitment to the local economy and value-for-money outcomes, the City has a number of processes in place to guide and facilitate procurement. These processes provide support to Council staff while ensuring transparency and statutory compliance in all aspects of purchasing procedures.

Regional Price Preference Policy

The Council has a Regional Price Preference Policy in place to promote local business partnerships within the City of Karratha by giving preferential consideration to regional suppliers in the procurement of goods or services via tender or quotation. A preference is given to a regional respondent by assessing their quotation as if the price bids were reduced by up to 10 per cent which is the maximum allowed under the Local Government Act.

Social Responsibility

The City of Karratha is committed to working with organisations that implement a high level of corporate responsibility and businesses that operate in a sustainable manner.

The City has policies in place that allow for direct contract agreements with WALGA listed businesses and preference purchasing options for registered Aboriginal businesses and Australian Disability Enterprises



\$12 MILLION

FIVE SIGNIFICANT CONTRACTS
WERE AWARDED IN 2017/18
TOTALING MORE
THAN \$12 MILLION



VAST Project at Cossack

3.4 Our stakeholders

Stakeholders are an integral part of our community and their contribution to projects and programming throughout the city ensures Council can deliver services and amenity to residents normally reserved for much larger metropolitan areas.

The City of Karratha recognises the importance of each of our stakeholders and works hard to make sure those agreements and partnerships we have in place get the best results for each organisation and our community.

In addition to working with the Federal and State Governments, the City of Karratha has implemented a highly successful and innovative partnership program with key industry leaders based in the city area and effectively works together with these organisations to pool resources and achieve greater community outcomes.

Federal Government

The Federal Government provided support to the City of Karratha in 2017-18 through:

- The National Stronger Regions Fund

This grant was used to complete the construction of the Red Earth Arts Precinct and contribute to the design and planning for the construction of Welcome Park.

Council ensure appropriate recognition of funding through strategic public relations and marketing campaigns, project reporting and extensive reconciliation procedures.

Total funding received from the Federal Government in 2017-18 was \$7,242,219

State Government

The State Government of Western Australia provides support to the City of Karratha by way of grant funding through the following schemes:

- Royalties for Regions
- Main Roads WA
- Lotterywest
- Building Better Regions Fund
- Country Local Government Fund
- Department Local Government, Sport and Recreation
- Water Corporation

These grants were used in the 2017-18 financial year to support a number of projects and programs, including the construction of the Red Earth Arts Precinct, the reconstruction of Mooligunn Road, Kidsport, public artworks and VAST project.

Total funding received from the State Government in 2017-18 was \$10,998,279



Mayor Peter Long, Hon Melissa Price MP and Hon. Dr. John McVeigh MP at the Red Earth Arts Precinct Opening Night

Industry

Rio Tinto

The City of Karratha has had a partnership with Rio Tinto in place since 2012 and while it is continuously evolving each year, the focus on improving the liveability of the region always remains the same.

In 2017-18 the City of Karratha and Rio Tinto celebrated the culmination of our five year Community Infrastructure and Services Partnership that saw a total partnership leveraging figure of \$132.4 million injected into the community. This year also saw the beginning of the next five years of this partnership where, like Council, the agreement moves away from construction and now focuses on maintaining the exceptional facilities residents now have access to.

Our partnership with Rio Tinto has extensive recognition and reporting agreements in place to make sure both organisations are benefiting appropriately from funding arrangements. This includes a social media strategy, speaking opportunities, inclusion in all public relations and marketing activities and stringent reporting functions.

Total funding received from Rio Tinto across our partnership in 2017-18 was \$4,903,967.

Total funding received from Rio Tinto in 2017-18 was \$12,703,967.

Woodside

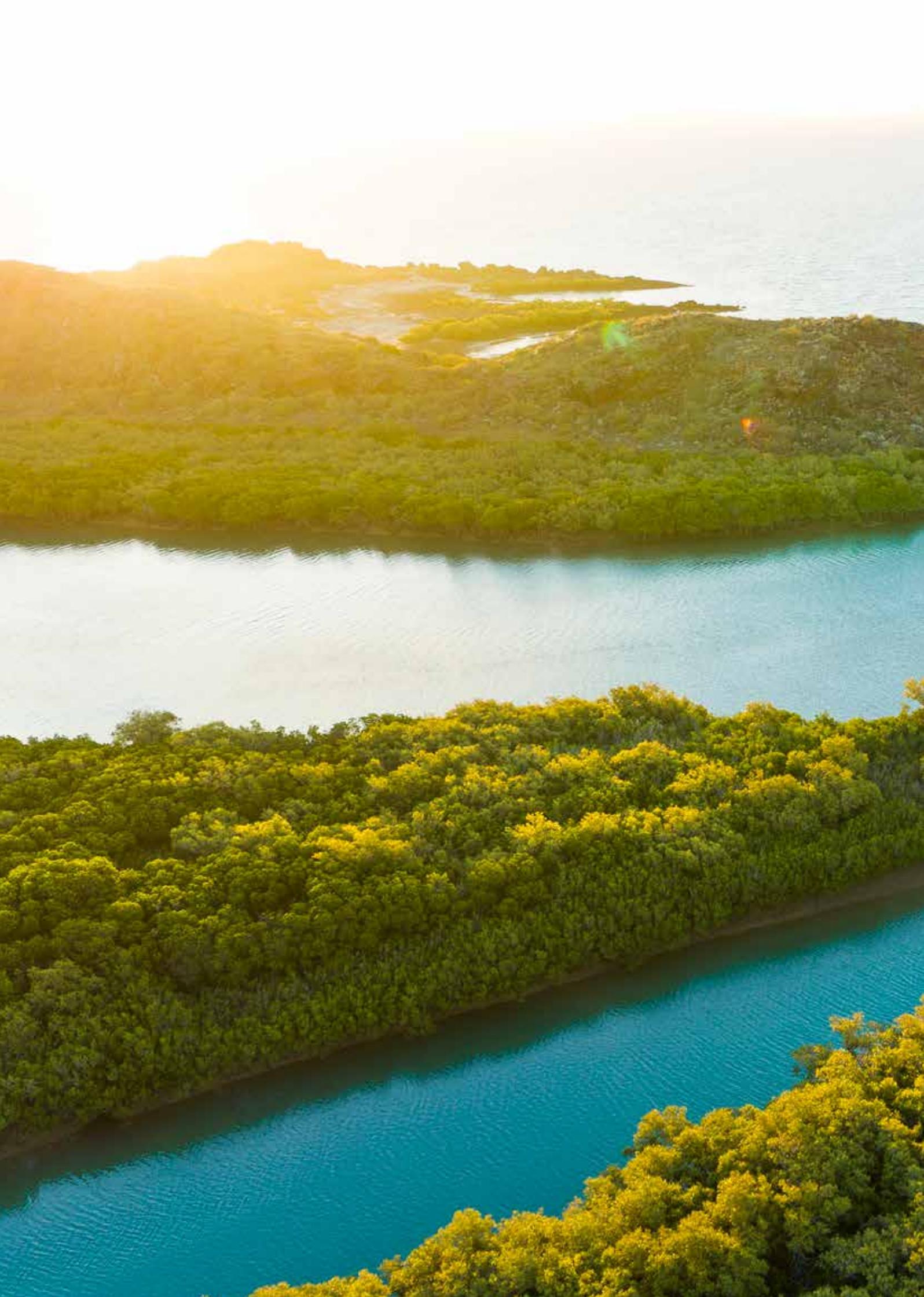
The City of Karratha has had a partnership in place with the Woodside-operated North West Shelf Project since 2015, with a key focus on supporting youth services, community grants funding, the Safer Communities Partnership and Moonrise Cinema.

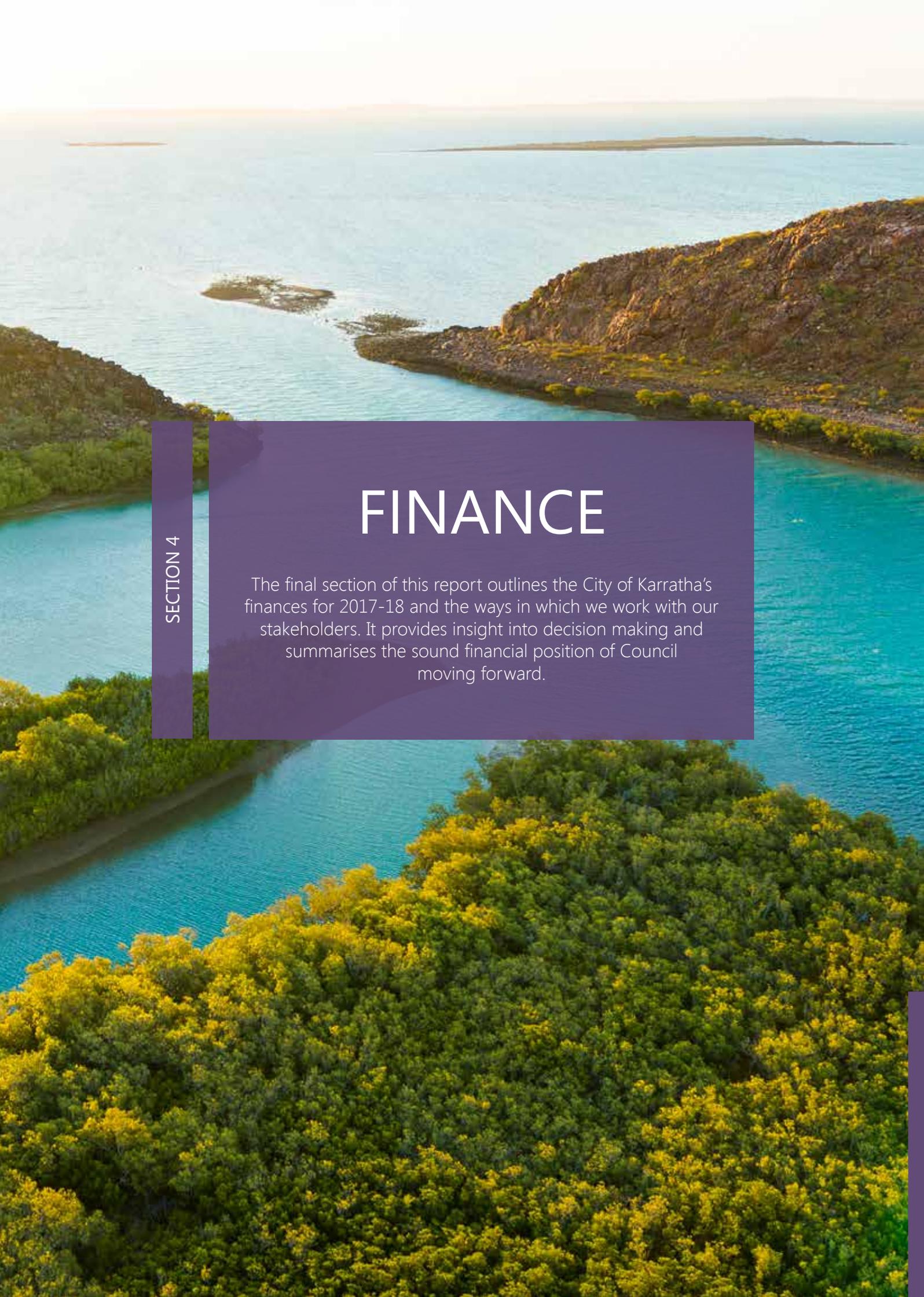
Woodside have an ongoing and demonstrated commitment to the City of Karratha and residents with the total funding received from Woodside in 2017-18 sitting at \$1,532,000.



\$32 MILLION

THE CITY OF KARRATHA RECEIVED MORE THAN \$32 MILLION IN FUNDING FROM STAKEHOLDERS





SECTION 4

FINANCE

The final section of this report outlines the City of Karratha's finances for 2017-18 and the ways in which we work with our stakeholders. It provides insight into decision making and summarises the sound financial position of Council moving forward.



Hearsons Cove on low tide

**CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	58

Principal place of business:
Lot 1083 Welcome Road
Karratha, WA 6714

**CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
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**CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Karratha for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City of Karratha at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 19th day of October 2018.



Chris Adams
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	21(a)	40,443,321	40,996,741	40,321,922
Operating grants, subsidies and contributions	2(a)	9,022,035	8,434,803	12,585,500
Fees and charges	2(a)	36,924,677	42,897,865	38,742,227
Interest earnings	2(a)	3,161,870	2,981,447	3,388,999
Other revenue	2(a)	2,744,707	1,396,833	870,139
		<u>92,296,610</u>	<u>96,707,689</u>	<u>95,908,787</u>
Expenses				
Employee costs		(33,781,501)	(32,075,218)	(32,129,380)
Materials and contracts		(35,701,391)	(38,665,055)	(25,426,554)
Utility charges		(5,327,723)	(4,607,136)	(4,422,635)
Depreciation on non-current assets	9(b)	(20,623,163)	(19,004,298)	(19,822,284)
Interest expenses	2(b)	(9,703)	(9,633)	(11,096)
Insurance expenses		(1,610,103)	(1,381,224)	(1,542,885)
Other expenditure		(5,341,372)	(3,383,602)	(3,702,515)
		<u>(102,394,956)</u>	<u>(99,126,166)</u>	<u>(87,057,349)</u>
		<u>(10,098,346)</u>	<u>(2,418,477)</u>	<u>8,851,438</u>
Non-operating grants, subsidies and contributions	2(a)	19,539,454	25,974,052	17,694,443
Profit on asset disposals	9(a)	32,812	9,137	136,141
(Loss) on asset disposals	9(a)	(135,543)	(87,192)	(301,590)
(Loss) on revaluation of Artwork & Sculptures	7(b)	(458,379)	0	0
Net result		8,879,998	23,477,520	26,380,432
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(130,250,998)	0	1,359,928
Total other comprehensive income		(130,250,998)	0	1,359,928
Total comprehensive income		(121,371,000)	23,477,520	27,740,360

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue				
	2(a)			
Governance		1,957,981	926,883	244,076
General purpose funding		47,678,326	47,797,056	47,856,172
Law, order, public safety		316,215	839,736	846,694
Health		168,645	176,000	244,434
Education and welfare		58,900	58,920	78,900
Housing		552,750	373,083	371,394
Community amenities		10,717,545	12,600,737	11,210,145
Recreation and culture		9,983,013	10,618,346	11,790,086
Transport		19,769,007	22,677,448	22,299,088
Economic services		314,375	319,740	446,502
Other property and services		779,853	319,740	521,296
		92,296,610	96,707,689	95,908,787
Expenses				
	2(b)			
Governance		(3,508,120)	(3,597,345)	(3,227,145)
General purpose funding		(15,092,234)	(16,434,780)	(4,192,826)
Law, order, public safety		(1,539,300)	(1,585,864)	(1,659,782)
Health		(1,395,095)	(1,266,464)	(1,382,184)
Education and welfare		(204,257)	(197,836)	(126,294)
Housing		(886,745)	(486,407)	(896,329)
Community amenities		(13,224,072)	(14,940,622)	(11,937,029)
Recreation and culture		(32,777,898)	(29,877,642)	(28,998,785)
Transport		(29,347,595)	(28,660,736)	(30,426,805)
Economic services		(1,698,302)	(1,981,195)	(2,105,679)
Other property and services		(2,711,635)	(87,642)	(2,093,395)
		(102,385,253)	(99,116,533)	(87,046,253)
Finance Costs				
	2(b)			
General purpose funding		(9,703)	(9,633)	(11,096)
		(9,703)	(9,633)	(11,096)
		(10,098,346)	(2,418,477)	8,851,438
Non-operating grants, subsidies and contributions	2(a)	19,539,454	25,974,052	17,694,443
Profit on disposal of assets	9(a)	32,812	9,137	136,141
(Loss) on disposal of assets	9(a)	(135,543)	(87,192)	(301,590)
(Loss) on revaluation of Artwork & Sculptures	7(b)	(458,379)	0	0
		18,978,344	25,895,997	17,528,994
		8,879,998	23,477,520	26,380,432
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(130,250,998)	0	1,359,928
		(130,250,998)	0	1,359,928
Total comprehensive income		(121,371,000)	23,477,520	27,740,360

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	62,967,350	85,883,515
Trade and other receivables	5	13,029,111	16,362,715
Inventories	6	401,778	331,953
TOTAL CURRENT ASSETS		76,398,239	102,578,183
NON-CURRENT ASSETS			
Other receivables	5	1,162,811	1,418,286
Inventories	6	524,251	524,439
Property, plant and equipment	7	252,134,205	221,149,235
Investment Property	7(d)	20,004,800	20,004,800
Infrastructure	8	403,519,220	527,954,653
TOTAL NON-CURRENT ASSETS		677,345,287	771,051,413
TOTAL ASSETS		753,743,526	873,629,596
CURRENT LIABILITIES			
Trade and other payables	11	11,824,063	10,943,412
Current portion of long term borrowings	12(a)	81,408	64,664
Provisions	13	4,088,932	3,512,846
TOTAL CURRENT LIABILITIES		15,994,403	14,520,922
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	346,453	347,849
Provisions	13	761,567	748,722
TOTAL NON-CURRENT LIABILITIES		1,108,020	1,096,571
TOTAL LIABILITIES		17,102,423	15,617,493
NET ASSETS		736,641,103	858,012,103
EQUITY			
Retained surplus		432,129,810	399,026,989
Reserves - cash backed	4	61,497,864	85,720,687
Revaluation surplus	10	243,013,429	373,264,427
TOTAL EQUITY		736,641,103	858,012,103

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES		
	RETAINED	CASH	REVALUATION	TOTAL
NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
	\$	\$	\$	\$
Balance as at 1 July 2016	365,330,649	92,784,461	372,156,633	830,271,743
Comprehensive income				
Net result	26,380,432	0	0	26,380,432
Changes on revaluation of assets	0	0	1,359,928	1,359,928
Total comprehensive income	26,380,432	0	1,359,928	27,740,360
Transfers from/(to) reserves	7,315,908	(7,063,774)	(252,134)	0
Balance as at 30 June 2017	399,026,989	85,720,687	373,264,427	858,012,103
Comprehensive income				
Net result	8,879,998	0	0	8,879,998
Changes on revaluation of assets	0	0	(130,250,998)	(130,250,998)
Total comprehensive income	8,879,998	0	(130,250,998)	(121,371,000)
Transfers from/(to) reserves	24,222,823	(24,222,823)	0	0
Balance as at 30 June 2018	432,129,810	61,497,864	243,013,429	736,641,103

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		40,365,712	40,996,741	39,719,071
Operating grants, subsidies and contributions		13,918,392	12,465,672	15,655,651
Fees and charges		36,924,679	42,897,865	38,742,227
Service charges		0	0	0
Interest earnings		3,161,870	2,981,447	3,388,999
Goods and services tax		(1,257,240)	0	0
Other revenue		2,744,707	1,396,833	870,139
		95,858,120	100,738,558	98,376,087
Payments				
Employee costs		(33,190,663)	(32,075,218)	(32,251,728)
Materials and contracts		(34,892,516)	(40,285,253)	(24,191,216)
Utility charges		(5,327,723)	(4,607,136)	(4,422,635)
Interest expenses		(9,673)	(9,633)	(11,223)
Insurance expenses		(1,610,103)	(1,381,224)	(1,542,885)
Goods and services tax		9	0	(591,487)
Other expenditure		(5,341,372)	(3,383,602)	(3,702,515)
		(80,372,041)	(81,742,066)	(66,713,689)
Net cash provided by (used in) operating activities	14	15,486,079	18,996,492	31,662,398
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		188	0	0
Payments for purchase of property, plant & equipment	7	(39,227,461)	(48,158,810)	(27,050,996)
Payments for purchase of investment property		0	0	(20,004,800)
Payments for construction of infrastructure	8	(19,268,599)	(17,741,217)	(14,440,953)
Advances to community groups		0	0	0
Non-operating grants, subsidies and contributions	2(a)	19,539,454	25,974,052	17,694,443
Proceeds from sale of fixed assets	9(a)	511,254	476,003	1,377,127
Proceeds from disposal of investments		0	0	0
Proceeds from advances		0	0	0
Net cash provided by (used in) investment activities		(38,445,164)	(39,449,972)	(42,425,179)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(64,652)	(64,664)	(63,103)
Proceeds from self supporting loans		27,572	66,360	134,140
Proceeds from new long term borrowings		80,000	0	0
Net cash provided by (used in) financing activities		42,920	1,696	71,037
Net increase (decrease) in cash held		(22,916,165)	(20,451,784)	(10,691,744)
Cash at beginning of year		85,883,515	89,139,525	96,575,259
Cash and cash equivalents at the end of the year	14	62,967,350	68,687,741	85,883,515

This statement is to be read in conjunction with the accompanying notes.

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

NOTE	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
OPERATING ACTIVITIES			
Restricted surplus/(deficit) b/fwd - Airport Funds	0	0	3,958,660
Restricted surplus/(deficit) b/fwd - Pilbarra Underground	4,672,754	4,603,608	7,905,744
Unrestricted surplus/(deficit) b/fwd	2,364,705	490,434	1,800,787
Net current assets at start of financial year - surplus/(deficit)	7,037,459	5,094,042	13,665,191
Revenue from operating activities (excluding rates)			
Governance	1,980,286	926,883	253,469
General purpose funding	7,235,005	6,800,315	7,537,816
Law, order, public safety	319,013	841,918	850,417
Health	168,714	176,000	244,434
Education and welfare	58,900	58,920	78,900
Housing	552,750	373,083	455,498
Community amenities	10,717,606	12,603,305	11,216,157
Recreation and culture	9,984,127	10,621,310	11,797,044
Transport	19,775,423	22,678,721	22,321,473
Economic services	314,375	319,740	446,502
Other property and services	779,902	319,890	521,296
	51,886,101	55,720,085	55,723,006
Expenditure from operating activities			
Governance	(3,502,305)	(3,597,345)	(3,227,145)
General purpose funding	(15,101,937)	(16,444,413)	(4,203,922)
Law, order, public safety	(1,553,956)	(1,589,046)	(1,659,782)
Health	(1,395,095)	(1,266,464)	(1,382,184)
Education and welfare	(204,257)	(197,836)	(126,294)
Housing	(886,745)	(486,407)	(896,329)
Community amenities	(13,288,869)	(15,015,167)	(12,084,040)
Recreation and culture	(32,824,361)	(29,883,773)	(29,140,579)
Transport	(29,363,037)	(28,664,070)	(30,439,070)
Economic services	(1,698,302)	(1,981,195)	(2,105,679)
Other property and services	(3,170,014)	(87,642)	(2,093,915)
	(102,988,878)	(99,213,358)	(87,358,939)
Operating activities excluded			
(Profit) on disposal of assets	9(a) (32,812)	(9,137)	(136,141)
Loss on disposal of assets	9(a) 135,543	87,192	301,590
Loss on revaluation of fixed assets	8(b) 458,379	0	0
Movement in accrued salaries and wages	0	0	84,282
Movement in employee benefit provisions (non-current)	12,845	(100,403)	(95,368)
Depreciation and amortisation on assets	9(b) 20,623,163	19,004,298	19,822,284
Amount attributable to operating activities	(22,868,200)	(19,417,281)	2,005,905
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	19,539,454	25,974,052	17,694,443
Proceeds from disposal of assets	9(a) 511,254	476,003	1,377,127
Purchase of land held for resale	188	0	0
Purchase of property, plant and equipment	7(b) (39,227,461)	(48,158,810)	(27,050,996)
Purchase of investment property	0	0	(20,004,800)
Purchase and construction of infrastructure	8(b) (19,268,599)	(17,741,217)	(14,440,953)
Amount attributable to investing activities	(38,445,164)	(39,449,972)	(42,425,179)
FINANCING ACTIVITIES			
Repayment of long term borrowings	12(a) (64,652)	(64,664)	(63,103)
Proceeds from new long term borrowings	12(b) 80,000	0	0
Repayment of self supporting loans	27,572	66,360	134,140
Transfers to reserves (restricted assets)	4 (23,562,863)	(25,031,224)	(38,527,996)
Transfers from reserves (restricted assets)	4 47,785,686	44,867,321	45,591,770
Amount attributable to financing activities	24,265,743	19,837,793	7,134,811
Surplus(deficiency) before general rates	(37,047,621)	(39,029,460)	(33,284,463)
Total amount raised from general rates	21 40,443,321	40,996,741	40,321,922
Restricted surplus/(deficit) June 30 c/fwd - Pilbara Underground Power	831,611	1,034,749	4,672,754
Net current assets at June 30 c/fwd - surplus/(deficit)	22 2,564,089	932,532	2,364,705

This statement is to be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the trust fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financials.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Land under roads**

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue

Other revenue

Other

	2018 Actual	2017 Actual
	\$	\$
Other	2,744,707	870,139
	2,744,707	870,139
Fees and Charges		
Governance	103,443	189,943
General purpose funding	1,595,575	574,131
Law, order, public safety	89,548	91,996
Health	153,848	162,113
Education and welfare	58,900	58,900
Housing	552,750	371,393
Community amenities	10,293,738	10,994,898
Recreation and culture	4,401,677	3,841,053
Transport	19,301,941	21,934,234
Economic services	309,375	416,102
Other property and services	63,882	107,464
	36,924,677	38,742,227

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Grant Revenue

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

Operating grants, subsidies and contributions

Governance

General purpose funding

Law, order, public safety

Health

Education and welfare

Community amenities

Recreation and culture

Transport

Economic services

Non-operating grants, subsidies and contributions

Law, order, public safety

Community amenities

Recreation and culture

Transport

Total grants, subsidies and contributions

	2018 \$	2017 \$
Governance	717,459	15,510
General purpose funding	2,481,678	3,497,180
Law, order, public safety	174,569	701,088
Health	14,798	82,321
Education and welfare	0	20,000
Community amenities	149,524	76,309
Recreation and culture	5,190,523	7,913,363
Transport	288,484	249,329
Economic services	5,000	30,400
	9,022,035	12,585,500
Law, order, public safety	0	29,032
Community amenities	940,407	394,971
Recreation and culture	16,731,654	14,000,435
Transport	1,867,393	3,270,005
	19,539,454	17,694,443
Total grants, subsidies and contributions	28,561,489	30,279,943

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
- Other interest revenue (refer note 21(e))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	1,900,167	2,234,287	2,492,260
	432,194	330,160	392,371
	829,509	417,000	504,368
	<u>3,161,870</u>	<u>2,981,447</u>	<u>3,388,999</u>

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other Services

	2018	2017
	\$	\$
	35,896	33,120
	5,210	18,782
	<u>41,106</u>	<u>51,902</u>
	9,703	11,096
	<u>9,703</u>	<u>11,096</u>

Interest expenses (finance costs)

- Long term borrowings (refer Note 12(a))

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS

	NOTE	2018 \$	2017 \$
Cash on Hand		17,805	13,370
Cash at Municipal Bank		1,440,158	128,614
Restricted - Municipal (Unspent Grants/Contributions)		11,523	20,844
Restricted - Reserves		61,497,864	85,720,687
		<u>62,967,350</u>	<u>85,883,515</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Aerodrome Reserve	4	4,294,420	6,586,617
Carry Forward Budget Reserve	4	1,765,785	1,821,785
Community Development Reserve	4	1,307,489	1,209,141
Dampier Drainage Reserve	4	10,488	10,231
Economic Development Reserve	4	1,264,157	1,233,206
Employee Entitlement Reserve	4	4,853,471	4,261,568
Infrastructure Reserve	4	15,177,939	22,253,785
Medical Services Assistance Package Reserve	4	386,352	376,893
Mosquito Control Reserve	4	8,491	7,726
Partnership Reserve	4	8,651,358	12,726,119
Pilbara Underground Power Reserve	4	0	10,605,852
Plant Replacement Reserve	4	837,194	816,697
Restricted Funds Reserve	4	417,024	431,127
Walkington Theatre Reserve	4	31,817	31,038
Waste Management Reserve	4	21,955,873	22,826,019
Workers Compensation Reserve	4	536,006	522,883
		<u>61,497,864</u>	<u>85,720,687</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual Opening Balance	Actual Transfer	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Transfer to	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aerodrome Reserve	6,586,617	160,266	(2,452,463)	4,294,420	6,783,735	169,869	(3,861,917)	3,091,687	1,880,596	4,706,021	0	6,586,617	0	6,586,617
Carry Forward Budget Reserve	1,821,785	1,275,156	(1,331,156)	1,765,785	1,487,874	0	(1,217,156)	270,718	1,760,717	1,760,717	(115,650)	1,821,785	(115,650)	1,821,785
Community Development Reserve	1,209,141	98,348	0	1,307,489	1,590,726	41,873	0	1,632,599	1,546,930	43,950	(381,739)	1,209,141	(381,739)	1,209,141
Damper Drainage Reserve	10,231	257	0	10,488	20,259	10,555	0	30,814	10,000	231	0	10,231	231	10,231
Economic Development Reserve	1,233,206	30,951	0	1,264,157	1,228,547	32,399	0	1,260,946	0	1,233,206	0	1,233,206	0	1,233,206
Employee Entitlement Reserve	4,261,568	591,903	0	4,853,471	4,589,359	120,781	0	4,710,140	4,464,248	126,605	(329,285)	4,261,568	(329,285)	4,261,568
Housing Reserve	0	0	0	0	0	0	0	0	322,363	6,980	(329,343)	0	(329,343)	0
Infrastructure Reserve	22,253,785	12,538,929	(19,614,775)	15,177,939	21,363,811	14,146,919	(16,001,248)	19,509,482	40,398,805	15,676,785	(33,821,805)	22,253,785	(33,821,805)	22,253,785
Medical Services Assistance														
Package Reserve	376,893	9,459	0	386,352	376,420	9,914	0	386,334	365,798	11,095	0	376,893	0	376,893
Mosquito Control Reserve	7,726	765	0	8,491	7,725	774	0	8,499	6,964	762	0	7,726	762	7,726
Partnership Reserve	12,726,119	5,909,384	(9,984,145)	8,651,358	11,772,916	4,722,090	(8,498,582)	7,996,424	10,831,493	7,706,144	(5,811,518)	12,726,119	(5,811,518)	12,726,119
Pilbara Underground Power Reserve	10,605,852	2,343,122	(12,948,974)	0	11,066,036	3,917,156	(14,852,418)	130,774	10,846,737	3,759,115	(4,000,000)	10,605,852	(4,000,000)	10,605,852
Plant Replacement Reserve	816,697	20,497	0	837,194	910,982	22,889	(436,000)	497,871	1,323,200	21,009	(527,512)	816,697	(527,512)	816,697
Restricted Funds Reserve	431,127	0	(14,103)	417,024	445,982	0	0	445,982	270,982	185,063	(24,918)	431,127	(24,918)	431,127
Walkington Theatre Reserve	31,038	779	0	31,817	31,065	818	0	31,883	30,261	777	0	31,038	777	31,038
Waste Management Reserve	22,826,019	569,924	(1,440,070)	21,955,873	22,779,216	1,821,426	0	24,600,642	19,559,366	3,266,653	0	22,826,019	3,266,653	22,826,019
Workers Compensation Reserve	522,883	13,123	0	536,006	522,612	13,761	0	536,373	750,000	22,883	(250,000)	522,883	(250,000)	522,883
	85,720,687	23,562,863	(47,785,686)	61,497,864	84,977,265	25,031,224	(44,867,321)	65,141,168	92,784,461	38,527,996	(45,591,770)	85,720,687	(45,591,770)	85,720,687

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. RESERVES - CASH BACKED (CONTINUED)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Aerodrome Reserve	Ongoing	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
Carry Forward Budget Reserve	Ongoing	This reserve is for the purpose of preserving projects funds carried over.
Community Development Reserve	Ongoing	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the Council and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the Council each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
Employee Entitlement Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
Housing Reserve	Reserve closed 2017	The purpose of this reserve was to fund the maintenance, refurbishment, replacement and construction of staff housing inclusive of the purchase. This reserve is funded by annual allocations from the Municipal Fund and from sale of Staff Housing. This reserve has been assessed as no longer required and the remainder of these funds were transferred to municipal funds during the 2016/17 Financial Year.
Infrastructure Reserve	Ongoing	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City of Karratha inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this Reserve may not necessarily belong to the City of Karratha but must be carried out for the benefit of the City of Karratha.
Medical Services Assistance Package Reserve	Ongoing	The purpose of this reserve is to fund future assistance to Medical Services in accordance with Council's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
Mosquito Control Reserve	Ongoing	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the Council and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements.
Pilbara Underground Power Reserve	2018	The purpose of this reserve is to secure the unspent portions pertaining to the City of Karratha's share of costs in relation to the Pilbara Underground Power Project. The final payment for the Pilbara Underground Power Project was made to Horizon Power at the end of June 2018.
Plant Replacement Reserve	Ongoing	The purposes of this reserve is to fund the capital purchase of plant and equipment.
Restricted Funds Reserve	Ongoing	This reserve is for the purpose of holding unexpended or prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
Walkington Theatre Reserve	Ongoing	The purpose of this reserve was to fund the operation and capital works of the Walkington Theatre.
Waste Management Reserve	Ongoing	The purpose of this reserve is to fund development, operation and maintenance of the Council's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
Workers Compensation Reserve	Ongoing	The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

5. TRADE AND OTHER RECEIVABLES

Current

	2018	2017
	\$	\$
Rates outstanding	2,990,653	2,913,044
GST receivable	2,387,509	1,130,269
Loans receivable - clubs/institutions	20,115	6,163
Other Bonds	1,950	1,900
- Service Charge	1,508,871	3,627,192
- Rubbish	729,773	1,437,883
- Fees and Charges for Services	190,052	207,589
- Private Works	3,581	7,746
- Income from Property	440,920	296,896
- Aerodrome	2,080,375	3,845,818
- Grants and Contributions	2,843,219	2,468,448
- Reimbursements and General	194,672	204,772
- Excess Rates Receipts	(397,585)	(311,653)
Staff Housing Bonds	0	2,400
Pensioner Rebates	791	814
Accrued Income	1,334,793	587,160
Prepayments	55,253	239,456
Less Provision for Doubtful Debts	(1,355,831)	(303,182)
	<u>13,029,111</u>	<u>16,362,715</u>

Non-current

Loans receivable - clubs/institutions	331,200	372,724
Service Charge	831,611	1,045,562
	<u>1,162,811</u>	<u>1,418,286</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Includes:

Past due and not impaired	2,990,653	2,913,044
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Includes:

Past due and not impaired	949,685	2,074,649
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SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. INVENTORIES

Current

Fuel and Materials	347,611	293,154
Corporate Uniforms	23,133	27,113
Food, Drinks & Merchandise Roebourne Aquatic Centre	408	506
Food, Drinks & Merchandise Youth Shed	5,920	6,189
Food, Drinks & Merchandise Wickham Recreation Precinct	2,183	3,651
Food, Drinks & Merchandise Karratha Leisureplex	2,519	1,340
Food, Drinks & Merchandise Red Earth Arts Precinct	20,004	0

	2018	2017
	\$	\$
	347,611	293,154
	23,133	27,113
	408	506
	5,920	6,189
	2,183	3,651
	2,519	1,340
	20,004	0
	401,778	331,953
	524,251	524,439
	524,251	524,439

Non-current

Land held for resale - cost		
Cost of acquisition	524,251	524,439
	524,251	524,439

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for sale (Continued)

Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	33,854,150	33,854,150
- Additions after valuation - cost	582,825	0
- Impairment	(23,806,083)	(23,806,083)
	<u>10,630,892</u>	<u>10,048,067</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 2	564,454	564,454
	<u>564,454</u>	<u>564,454</u>
Total land	<u>11,195,346</u>	<u>10,612,521</u>
Buildings at:		
- Independent valuation 2017 - level 3	205,464,931	207,194,605
- Impairment	(7,918,078)	(7,918,078)
- Additions after valuation - cost	49,894,489	0
Less: accumulated depreciation	(29,743,088)	(25,680,423)
	<u>217,698,254</u>	<u>173,596,104</u>
Total buildings	<u>217,698,254</u>	<u>173,596,104</u>
Total land and buildings	<u>228,893,600</u>	<u>184,208,625</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	1,779,566	1,792,388
- Additions after valuation - cost	2,040,414	258,761
Less: accumulated depreciation	(1,011,533)	(613,719)
	<u>2,808,447</u>	<u>1,437,430</u>
Plant at:		
- Independent valuation 2016 - level 1	5,323,807	6,029,518
- Management valuation 2016 - level 3	66,198	66,198
- Additions after valuation - cost	3,012,949	826,966
Less: accumulated depreciation	(1,309,787)	(631,944)
	<u>7,093,167</u>	<u>6,290,738</u>
Equipment at:		
- Independent valuation 2016 - level 1	150,296	152,203
- Management valuation 2016 - level 3	373,523	373,523
- Additions after valuation - cost	292,107	132,256
Less: accumulated depreciation	(310,244)	(128,773)
	<u>505,682</u>	<u>529,209</u>
Artwork & Sculptures at:		
- Management valuation 2015 - level 3	0	864,050
- Independent valuation 2018 - level 3	1,988,450	0
- Management valuation 2018 - level 3	39,215	0
- Additions after valuation - cost	0	210,990
Less: accumulated depreciation	0	(43,251)
	<u>2,027,665</u>	<u>1,031,789</u>
Works in Progress	<u>10,805,644</u>	<u>27,651,444</u>
	10,805,644	27,651,444
Total property, plant and equipment	<u>252,134,205</u>	<u>221,149,235</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and equipment	Plant	Equipment	Artwork & Sculptures	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	10,369,491	564,454	10,933,945	113,827,160	124,761,105	1,472,822	7,072,331	530,567	1,040,344	57,301,305	192,178,474
Additions	700,121	0	700,121	54,768,753	55,468,874	258,761	826,966	132,256	14,000	(29,649,861)	27,050,996
(Disposals)	(185,745)	0	(185,745)	(375,588)	(561,333)	(1,164)	(937,182)	(3,668)	(1,164)	0	(1,504,511)
Revaluation increments/ (decrements) transferred to revaluation	(835,800)	0	(835,800)	9,631,388	8,795,588	0	0	0	0	0	8,795,588
Depreciation (expense)	0	0	0	(4,152,765)	(4,152,765)	(292,989)	(671,377)	(129,946)	(21,391)	0	(5,268,468)
Transfers	0	0	0	(102,844)	(102,844)	0	0	0	0	0	(102,844)
Carrying amount at 30 June 2017	10,048,067	564,454	10,612,521	173,596,104	184,208,625	1,437,430	6,290,738	529,209	1,031,789	27,651,444	221,149,235
Additions	582,825	0	582,825	49,894,489	50,477,314	1,781,653	2,170,501	159,851	1,483,942	(16,845,800)	39,227,461
(Disposals)	0	0	0	0	0	(12,822)	(574,868)	(2,340)	(565)	0	(590,595)
Revaluation increments/ (decrements) transferred to revaluation	0	0	0	(1,143,506)	(1,143,506)	0	0	0	0	0	(1,143,506)
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	0	(458,379)	0	(458,379)
Depreciation (expense)	0	0	0	(4,193,158)	(4,193,158)	(397,814)	(793,204)	(181,038)	(29,122)	0	(5,594,336)
Transfers	0	0	0	(455,675)	(455,675)	0	0	0	0	0	(455,675)
Carrying amount at 30 June 2018	10,630,892	564,454	11,195,346	217,698,254	228,893,600	2,808,447	7,093,167	505,682	2,027,665	10,805,644	252,134,205

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Comparable market values
Land - vested in and under the control of Council	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Comparable market values
Buildings	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2017	Replacement cost and remaining estimated useful life
Furniture and equipment	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining estimated useful life
Plant					
- Independent valuation 2016	1	Market Approach	Independent Valuation	June 2016	Measurements based on quoted prices in active markets for identical assets
- Management valuation 2016	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
Equipment					
- Independent valuation 2016	1	Market Approach	Independent Valuation	June 2016	Measurements based on quoted prices in active markets for identical assets
- Management valuation 2016	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
Artwork & Sculptures					
	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Current condition and comparable market values achieved at auction houses and contact with artists

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT

(d) Investment Property

	2018	2017
	\$	\$
Investment Property at:		
Balance at the beginning of the year	20,004,800	
Acquisitions	0	20,004,800
Fair value adjustments	0	0
Balance at end of the year	20,004,800	20,004,800
Total Investment Property	<u>20,004,800</u>	<u>20,004,800</u>

(e) Movements in Carrying Amounts

Movement in the carrying amounts between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	Fair Value Adjustments \$	Balance at the End of the Year \$
Investment Property	20,004,800	0	0	20,004,800
Total Investment Property	<u>20,004,800</u>	<u>0</u>	<u>0</u>	<u>20,004,800</u>

(f) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Investment Property	2	Market Approach	Management Valuation	June 2018	Purchase price plus costs associated with purchase.

The Quarter HQ was purchased in June 2017 and as at 30 June 2017 the purchase price of \$20,004,800 was considered fair value. While there has been no sale of comparable properties during the last quarter the data shows that the market has stabilised in terms of sale price, therefore the purchase price has been considered fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	0	357,790,190
- Independent valuation 2018 - level 3	241,004,169	0
- Management valuation 2018 - level 3	21,617,408	0
- Additions after valuation - cost	152,115	7,130,274
Less: accumulated depreciation	(37,814,280)	(17,749,786)
	<u>224,959,412</u>	<u>347,170,678</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	0	30,919,410
- Independent valuation 2018 - level 3	48,714,386	0
- Management valuation 2018 - level 3	1,405,236	0
- Additions after valuation - cost	0	707,291
Less: accumulated depreciation	(12,638,080)	(1,740,812)
	<u>37,481,542</u>	<u>29,885,889</u>
Infrastructure - Drainage		
- Independent valuation 2015 - level 3	0	1,576,431
- Independent valuation 2018 - level 3	21,518,963	0
- Management valuation 2018 - level 3	163,787	0
- Additions after valuation - cost	0	160,553
Less: accumulated depreciation	(4,037,297)	(42,572)
	<u>17,645,453</u>	<u>1,694,412</u>
Infrastructure - Parks, Recreation and Open Space		
- Independent valuation 2015 - level 3	0	4,508,815
- Independent valuation 2018 - level 3	45,486,693	0
- Management valuation 2018 - level 3	18,819,795	0
- Additions after valuation - cost	0	527,783
Less: accumulated depreciation	(15,698,667)	(499,699)
	<u>48,607,821</u>	<u>4,536,899</u>
Infrastructure - Hardcourt Facilities		
- Independent valuation 2015 - level 3	0	7,157,891
- Additions after valuation - cost	0	755,456
Less: accumulated depreciation	0	(598,894)
	<u>0</u>	<u>7,314,453</u>
Infrastructure - Bridges & Culverts		
- Independent valuation 2015 - level 3	0	26,453,860
- Additions after valuation - cost	0	400,793
Less: accumulated depreciation	0	(1,001,194)
	<u>0</u>	<u>25,853,459</u>
Infrastructure - Boat Ramps & Jetties		
- Independent valuation 2015 - level 3	0	3,663,268
- Additions after valuation - cost	0	1,031,066
Less: accumulated depreciation	0	(210,010)
	<u>0</u>	<u>4,484,324</u>
Infrastructure - Aerodromes		
- Independent valuation 2015 - level 3	0	65,782,279
- Independent valuation 2018 - level 3	78,297,306	0
- Additions after valuation - cost	0	8,486
Less: accumulated depreciation	(19,073,807)	(4,335,640)
	<u>59,223,499</u>	<u>61,455,125</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). INFRASTRUCTURE (Conitnued)

	2018	2017
	\$	\$
Infrastructure - Miscellaneous Structures		
- Independent valuation 2015 - level 3	0	17,628,171
- Independent valuation 2018 - level 3	8,852,800	0
- Management valuation 2018 - level 3	177,097	0
- Additions after valuation - cost	0	5,780,871
Less: accumulated depreciation	(4,945,168)	(2,375,437)
	<u>4,084,729</u>	<u>21,033,605</u>
Works in Progress	11,516,764	24,525,809
	<u>11,516,764</u>	<u>24,525,809</u>
Total infrastructure	<u>403,519,220</u>	<u>527,954,653</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Recreation and Open Space	Infrastructure - Hardcourt Facilities	Infrastructure - Bridges & Culverts	Infrastructure - Boat Ramps & Jetties	Infrastructure - Aerodromes	Infrastructure - Miscellaneous Structures	Infrastructure - Works in Progress	Total Infrastructure
Balance at 1 July 2016	\$ 350,402,216	\$ 30,123,394	\$ 1,556,118	\$ 4,371,371	\$ 7,176,657	\$ 25,955,963	\$ 3,973,027	\$ 63,611,493	\$ 17,178,006	\$ 31,090,152	\$ 535,438,397
Additions	5,867,473	644,851	160,553	422,459	443,386	400,793	621,591	7,317,925	5,126,265	(6,564,343)	14,440,953
(Disposals)	0	0	0	0	0	0	0	0	(38,065)	0	(38,065)
Revaluation increments / (Decrements) transferred to revaluation	(126,221)	0	0	0	0	0	0	(7,309,439)	0	0	(7,435,660)
Reversals through profit or loss											0
Impairment (Losses)/Reversals											0
Depreciation (Expense)	(8,972,790)	(882,356)	(22,259)	(256,931)	(305,690)	(503,297)	(110,294)	(2,164,854)	(1,335,445)	0	(14,553,816)
Transfers	347,170,678	29,885,889	1,694,412	4,536,899	7,314,453	25,853,459	4,484,324	61,455,125	21,033,605	24,525,809	527,954,653
Carrying amount at 30 June 2017	10,654,926	2,678,751	299,302	17,965,651	0	0	0	13,292	826,764	(13,170,087)	19,268,599
(Disposals)	(4,072)	0	0	(14,736)	0	0	0	0	(4,582)	0	(23,390)
Revaluation increments / (Decrements) transferred to revaluation	(125,804,851)	3,915,264	(5,616,098)	(292,502)	0	0	0	(79,766)	(1,390,579)	161,042	(129,107,490)
Reversals through profit or loss	0	0	0	0	0	0	0	0	0	0	0
Impairment (Losses)/Reversals	0	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(9,337,468)	(1,004,825)	(394,637)	(1,793,526)	0	0	0	(2,165,652)	(332,719)	0	(15,028,827)
Transfers	2,280,199	2,008,463	21,662,474	28,206,035	(7,314,453)	(25,853,459)	(4,484,324)	500	(16,047,760)	11,516,764	455,675
Carrying amount at 30 June 2018	224,959,412	37,481,542	17,645,453	48,807,821	0	0	0	59,223,499	4,084,729	11,516,764	403,519,220

During the financial year the following Infrastructure Sub Classes were reclassified in order to simplify the asset structure

- Infrastructure - Hardcourt Facilities
- Infrastructure - Bridges & Culverts
- Infrastructure - Boat Ramps & Jetties
- Infrastructure - Recreation and Open Space
- Infrastructure - Footpaths and Drainage
- Infrastructure - Parks, Recreation and Open Space

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks, Recreation and Open Space	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Miscellaneous Structures	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
40000479 - P1053 - Toyota Landcruiser	28,696	51,000.00	22,304	0	22,000	22,000	0	0
Reversal of asset 30001526 Black Wool Drapes disposal	(5,815)			5,815	0	0	0	0
Law, order, public safety								
20000633 - P3021 Pressure Cleaner	0	91	91	0	13,221	15,403	2,182	0
40000519 - P1068 Toyota Hilux	18,202	20,909	2,707	0	0	0	0	0
P1057 2013 Holden Colorado	25,406	10,750		(14,656)	18,182	15,000	0	(3,182)
Health								
P4032 Blower	0	69	69	0	0	0	0	0
Community amenities								
40000335 - P8001 Excavator	97,970	74,591	0	(23,379)	91,818	90,000	0	(1,818)
40000487 - P8013 Bulldozer	256,836	220,000	0	(36,836)	192,727	120,000	0	(72,727)
P8012 - Komatsu WA250PZ 6 Pin on Wheel Loader	0	0	0	0	98,000	100,000	2,000	0
P4025 - Tank & Pump Assembly 1100 Ltr Tank With Aussie QP2055L/GX200E	0	0	0	0	182	750	568	0
20000611 - P5030 Brushcutter	27	55	28	0	0	0	0	0
20000612 - P5031 Brushcutter	27	60	33	0	0	0	0	0
Recreation and culture								
40000501 - P1065 Toyota Corolla	10,169	9,500	0	(669)	8,636	7,500	0	(1,136)
40000497 - P1064 Subaru Forrester	13,198	11,450	0	(1,748)	9,000	10,000	1,000	0
300000719 - DVD Stand	60	0	0	(60)	0	0	0	0
40000513 - P1062 Toyota Corolla	10,371	9,250	0	(1,121)	0	0	0	0
30001522 - Various Minor Assets	635	0	0	(635)	1,150	1,150	0	0
30001523 - Bunting and Frames	2,901	0	0	(2,901)	0	0	0	0
30001524 - Heavy Duty Fairy Lights	1,325	0	0	(1,325)	0	0	0	0
40000352 - P7500 Mower	14,156	6,000	0	(8,156)	0	0	0	0
40000507 - P2035 Toyota Hilux	12,020	11,500	0	(520)	8,636	10,000	1,364	0
P4033 Vacuum	0	282	282	0	0	500	500	0
P3013 High Pressure Cleaner	0	3	3	0	0	100	100	0
P5056 Brushcutter	0	45	45	0	0	0	0	0
P5041 Brushcutter	0	45	45	0	0	0	0	0
P5027 Chainsaw	0	56	56	0	0	0	0	0
P5059 Pruner	0	246	246	0	0	0	0	0
P4042 Blower	0	9	9	0	0	0	0	0
P5058 Pruner	0	292	292	0	0	0	0	0
P4041 Blower	0	46	46	0	0	0	0	0
P4044 Blower	0	45	45	0	0	0	0	0
P4045 Blower	0	45	45	0	0	0	0	0
P3011 Spitwater 11-140P with 10M Hose and SWA97-A Turbo Lance	351	182	0	(169)	400	200	0	(200)
20000659 - P4039 Aussie Pump QP303/L70E with hose reel & kit,	0	0	0	0	500	250	0	(250)
P2034 2012 Holden Colorado LX	16,864	10,909	0	(5,955)	20,545	16,000	0	(4,545)
30001557 - Circulation Desk	4,662	0	0	(4,662)	0	0	0	0
30001581 - 3 & 2 Seater Lounge	2,128	0	0	(2,128)	0	0	0	0
30001511 - Dehumidifier	734	0	0	(734)	0	0	0	0
30001577 - Projector	378	0	0	(378)	0	0	0	0

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment (Continued)								
Transport								
20000556 - P4011 Plate Compactor	68	0	0	(68)	0	0		
40000360 - P8003 Loader	31,645	25,091	0	(6,554)	29,545	30,000	455	0
40000483 - P1043 Suzuki Swift	7,773	7,750	0	(23)	9,879	7,000	0	(2,879)
40000506 - P2031 Holden Colorado P3012	15,605	11,750	0	(3,855)	17,500	18,000	500	0
40000514 - P1059 Toyota Corolla P4092 Blower	10,371	9,500	0	(871)	0	0		
20000555 - P4010 Plate Compactor	59	118	59	0	0	0		
40000468 - P1020 Toyota Hilux 4x4 P5065 Hedge Trimmer	11,400	15,453	4,053	0	10,455	10,000	0	(455)
P4051 Blower	0	173	173	0	0	0		
20000626 - P5048 Brushcutter	0	45	45	0	0	0		
20000581 - P3003 Pressure Cleaner	0	45	45	0	0	0		
20000447 - P498 Line Marker	55	91	36	0	0	0		
Other property and services	1,753	3,750	1,997	0	1,364	1,500	136	0
P3042 Blower	0	19	19	0	0	0	0	0
P694 Brushcutter	0	30	30	0	0	150	150	0
	590,030	511,254	32,812	(111,588)	554,058	476,003	9,137	(87,192)
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Artwork								
Recreation and culture								
Artwork - Old Wittenoom After as a Mine Site	283	0	0	(283)	0	0	0	0
Artwork - Old Wittenoom Before as a Mine Site	282	0	0	(282)	0	0	0	0
	565	0	0	(565)	0	0	0	0
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure								
WTF0017 Gap Ridge Effluent System Chlorination Module	4,582	0	0	(4,582)	0	0	0	0
Recreation and culture								
BC000375 Hearsons Picnic Shelter 4	3,684	0	0	(3,684)	0	0	0	0
BC000374 Hearsons Picnic Shelter 3	3,684	0	0	(3,684)	0	0	0	0
BC000373 Hearsons Picnic Shelter 2	3,684	0	0	(3,684)	0	0	0	0
BC000372 Hearsons Picnic Shelter 1	3,684	0	0	(3,684)	0	0	0	0
Transport								
LT000034 - Footpath Light	2,036	0	0	(2,036)	0	0	0	0
LT000035 - Footpath Light	2,036	0	0	(2,036)	0	0	0	0
	23,390	0	0	(23,390)	0	0	0	0
	613,985	511,254	32,812	(135,543)	554,058	476,003	9,137	(87,192)

(b) Depreciation

	2018	2017
	\$	\$
Buildings	4,193,158	4,152,765
Furniture and equipment	397,814	292,989
Plant	793,204	671,377
Equipment	181,038	129,946
Artwork & Sculptures	29,122	21,391
Infrastructure - Roads	9,337,468	8,972,790
Infrastructure - Footpaths	1,004,825	882,356
Infrastructure - Drainage	394,637	22,259
Infrastructure - Parks, Recreation and Op	1,793,526	256,931
Infrastructure - Aerodromes	2,165,652	2,164,854
Infrastructure - Miscellaneous Structures	332,719	1,335,445
	20,623,163	19,822,284

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Artwork/sculptures	50 years
Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	2 to 15 years
Infrastructure:	
- Roads	12 to 80 years
- Paths and cycleways	80 years
- Aerodromes Assets	10 to 75 years
- Parks Developments	15 to 100 years
- Bridges	60 years
- Drains and Stormwater Network	40 to 80 years
- Miscellaneous structures	15 to 60 years
- Boat ramps/jetties	25 years
- Oher Infrastructure	15 to 60 years
- Street Lighting	15 to 20 years

Depreciation (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Transfer between asset class	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Transfer to/(from) reserve	2017 Closing Balance
	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
Land & Buildings	25,020,334	0	(1,143,508)	(1,143,508)	34,876	23,911,702	16,476,880	8,795,588	0	8,795,588	(252,134)	25,020,334
Revaluation surplus - Furniture and equipment	8,509	0	0	0	0	8,509	8,509	0	0	0	0	8,509
Revaluation surplus - Plant	47,001	0	0	0	0	47,001	47,001	0	0	0	0	47,001
Revaluation surplus - Infrastructure - Roads	272,056,356	0	(125,804,851)	(125,804,851)	1,809,028	148,060,533	272,182,577	0	(126,221)	(126,221)	0	272,056,356
Revaluation surplus - Infrastructure - Footpaths	24,543,432	3,915,264	0	3,915,264	2,178,584	30,637,280	24,543,432	0	0	0	0	24,543,432
Revaluation surplus - Infrastructure - Drainage	113,738	0	(5,616,098)	(5,616,098)	21,550,018	16,047,658	113,738	0	0	0	0	113,738
Revaluation surplus - Infrastructure - Parks, Recreation anc	0	0	(292,502)	(292,502)	6,178,601	5,886,099	0	0	0	0	0	0
Revaluation surplus - Infrastructure - Hardcourt Facilities	616,856	0	0	0	(616,856)	0	616,856	0	0	0	0	616,856
Revaluation surplus - Infrastructure - Bridges & Culverts	27,654,868	0	0	0	(27,654,868)	0	27,654,868	0	0	0	0	27,654,868
Revaluation surplus - Infrastructure - Boat Ramps & Jetties	3,662,964	0	0	0	(3,662,964)	0	3,662,964	0	0	0	0	3,662,964
Revaluation surplus - Infrastructure - Aerodromes	15,030,675	(79,766)	0	(79,766)	2,057,442	17,008,351	22,340,114	0	(7,309,439)	(7,309,439)	0	15,030,675
Revaluation surplus - Infrastructure - Miscellaneous Structu	4,509,694	161,042	(1,390,579)	(1,229,537)	(1,873,861)	1,406,296	4,509,694	0	0	0	0	4,509,694
	373,264,427	3,996,540	(134,247,538)	(130,250,998)	0	243,013,429	372,156,633	8,795,588	(7,435,660)	1,359,928	(252,134)	373,264,427

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

11. TRADE AND OTHER PAYABLES

Current

	2018	2017
	\$	\$
Sundry creditors	8,954,994	8,097,756
Accrued interest on long term borrowings	987	957
Accrued salaries and wages	172,420	170,510
Other Liabilities	9,342	15,814
Accrued Expenses	398,183	102,681
Income Received in Advance	760,243	117,982
Retention Monies	1,527,894	2,437,712
	11,824,063	10,943,412

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Self Supporting Loans								
General purpose funding	412,513	0	64,652	64,664	347,861	347,849	9,525	9,633
Karratha Country Club	0	80,000	0	0	80,000	0	178	0
Karratha RSL	412,513	80,000	64,652	64,664	427,861	347,849	9,703	9,633

Self supporting loans are financed by payments from third parties.

Borrowings

	2018	2017
Current	\$ 81,408	\$ 64,664
Non-current	346,453	347,849
	427,861	412,513

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Self Supporting Loan - Karratha RSL	80,000	0	WATC	Self Supporting	5	5,945	2.65%	80,000	0	0
	80,000	0				5,945		80,000	0	0

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

12. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Borrowings

The City did not have any unspent debentures as at 30 June 2018.

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	115,500	180,000
Credit card balance at balance date	(1,020)	(37,095)
Total amount of credit unused	1,114,480	1,142,905

Loan facilities

Loan facilities - current	81,408	64,664
Loan facilities - non-current	346,453	347,849
Total facilities in use at balance date	427,861	412,513

Unused loan facilities at balance date

NIL

NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	2,353,349	1,159,497	3,512,846
Non-current provisions	0	748,722	748,722
	<u>2,353,349</u>	<u>1,908,219</u>	<u>4,261,568</u>
Additional provision	169,535	419,396	588,931
Balance at 30 June 2018	<u>2,522,884</u>	<u>2,327,615</u>	<u>4,850,499</u>
Comprises			
Current	2,522,884	1,566,048	4,088,932
Non-current	0	761,567	761,567
	<u>2,522,884</u>	<u>2,327,615</u>	<u>4,850,499</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	62,967,350	68,687,741	85,883,515
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	8,879,998	23,477,520	26,380,432
Non-cash flows in Net result:			
Depreciation	20,623,163	19,004,298	19,822,284
(Profit)/loss on sale of asset	102,731	78,055	165,449
Loss on revaluation of fixed assets	458,379	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	3,561,505	4,030,869	1,875,813
(Increase)/decrease in inventories	(69,825)	0	13,324
Increase/(decrease) in payables	880,651	(1,620,198)	1,302,219
Increase/(decrease) in provisions	588,931	0	(202,680)
Grants contributions for the development of assets	(19,539,454)	(25,974,052)	(17,694,443)
Net cash from operating activities	15,486,079	18,996,492	31,662,398

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	166,831,150	142,428,409
General purpose funding	10,740,964	10,676,312
Law, order, public safety	891,348	838,042
Health	893,184	938,855
Education and welfare	2,372,021	2,486,476
Housing	28,557,608	28,504,302
Community amenities	43,520,666	46,529,225
Recreation and culture	166,528,346	156,014,962
Transport	300,210,194	422,823,453
Economic services	436,939	453,106
Other property and services	5,086,853	5,826,676
Unallocated	27,674,253	56,109,778
	753,743,526	873,629,596

16. CONTINGENT LIABILITIES

The City did not have any contingent liabilities at the reporting date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

17. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2018	2017
	\$	\$
Contracted for:		
Red Earth Arts Precinct	188,420	28,858,409
Roebourne Aquatic Centre - Community Pools Revitalisation Program	0	817,437
Wickham Community Hub	8,045,196	12,344,185
Wickham Community Hub - Splashpad	0	804,670
Wickham Community Hub - Skatescape	414,534	0
Bulgarra Bus Bay Construction	0	87,500
Effluent Systems Upgrade	0	404,162
Waste Facility - Class III Cell Construction	3,141,245	0
Karratha Airport - LA31 Hangar Project	2,085,617	0
Karratha Airport - Airside Upgrade	0	41,539
Karratha Airport - Car Park Redesign	0	1,724,534
Payable:		
- not later than one year	13,875,012	45,082,436

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and the Mayor.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	344,058	345,000	345,000
Mayor's allowance	85,000	85,000	85,000
Deputy Mayor's allowance	21,134	21,250	21,250
Travelling expenses	48,260	30,000	30,434
Telecommunications allowance	38,391	38,496	38,350
Training expenses	55,987	55,000	6,916
Professional Development	1,319	60,000	37,094
Mayor's Discretionary Fund (Council Related Expenses)	1,045	2,000	2,000
	536,843	636,746	566,044

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	1,412,916	1,226,393
Post-employment benefits	135,552	131,900
Other long-term benefits	52,112	44,965
Termination benefits	0	101,160
	1,600,580	1,504,418

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

Transactions between related parties, and the City are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	33,370	184,350
Purchase of goods and services	218,751	362,955
Amounts payable to related parties:		
Trade and other payables	104,030	102,686

Related Parties

The City's main related parties are as follows:

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

KARRATHA AIRPORT
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2018
	\$	Budget
	\$	\$
Revenue		
- Fees and Charges	14,471,612	17,008,862
- Terminal Leases	1,171,596	590,124
- Grant and Contributions	3,658,051	1,264,036
- Other Revenue	99,051	3,533,789
	<u>19,400,310</u>	<u>22,396,811</u>
Expenditure		
- Employee Costs	1,765,624	1,641,308
- Materials & Contracts	3,852,441	5,004,634
- Utilities	1,636,933	1,501,152
- Insurance	490,877	521,242
- Depreciation	3,072,620	3,051,125
- Other Expenditure	766,158	882,797
	<u>11,584,653</u>	<u>12,602,258</u>
Net Operating Result	<u>7,815,657</u>	<u>9,794,553</u>
Capital Expenditure	4,187,502	5,467,688
Total Net Trading Undertaking	<u>3,628,155</u>	<u>4,326,865</u>
	2018	2017
	\$	\$
CURRENT ASSETS		
Receivables	2,080,375	2,700,509
	<u>2,080,375</u>	<u>2,700,509</u>
NON CURRENT ASSETS		
Land	0	0
Buildings	41,025,962	41,629,133
Less Accumulated Depreciation	(4,789,316)	(1,827,910)
Infrastructure	78,297,305	85,206,205
Less Accumulated Depreciation	(19,073,807)	(21,088,538)
Plant	288,839	256,770
Less Accumulated Depreciation	(43,162)	(19,328)
Equipment	72,225	75,572
Less Accumulated Depreciation	(29,596)	(12,555)
Furniture & Equipment	361,992	291,273
Less Accumulated Depreciation	(90,540)	(39,549)
Artwork	184,000	176,650
Less Accumulated Depreciation	0	(6,070)
	<u>96,203,902</u>	<u>104,641,653</u>
EQUITY		
Reserves - Cash Backed	4,294,420	6,586,617
	<u>4,294,420</u>	<u>6,586,617</u>

The City operates the only public airport within the district and operates the aerodrome with the purpose of producing a profit. The Karratha Airport Development Business Plan was adopted by Council on 16 December 2013 (Resolution 152720), this has recently been updated to include the impact of current market conditions.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS
(Continued)

THE QUARTER HQ
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2018	2017
	\$	Budget	\$
		\$	
Revenue			
- Investment Property Income	1,414,287	1,886,603	0
- Reimbursements	468,435	0	
- Contribution to fitout	0	0	200,000
Expenditure			
- Operational Expenditure	(1,281,950)	(936,855)	0
Net Operating Result	600,772	949,748	200,000
	2018	2017	
	\$	\$	
NON CURRENT ASSETS			
Buildings	19,104,800	19,104,800	
Land	900,000	900,000	
	20,004,800	20,004,800	

A Business Plan for The Quarter HQ was prepared and was advertised for public submissions. Submissions about the proposed purchase were considered by Council on 29 May 2017. Subsequently the City purchased The Quarter HQ on 21st June 2017.

Lessors Disclosure

The Quarter HQ is currently occupied by the following tenants:

Lessee	Lease Term
Minister for Works	15 years
Fiorita Deli	10 years
Just You Beauty	10 years
Woodside	7 years
KPMG	7 years
AMSA	5 years
Lo's Café	5 years
Cecel Filipino Food	5 years

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance (1) 1/07/16	Received (2) 2016/17	Expended (3) 2016/17	Closing Balance (1) 30/06/17	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance 30/06/18	
	\$	\$	\$	\$	\$	\$	\$	
Law, order, public safety								
DFES Contribution - Wickham/Roebourne SES	0	38,372	(28,309)	10,063	0	0	10,063	(1) ^
Rio Tinto - Wickham/Roebourne SES Facility	51,096	0	(13,224)	37,872	0	0	37,872	*
WALGA - Local Road Safety Activities	1,000	0	(1,000)	0	0	0	0	
Community amenities								
Dept. of Planning - Coastal Management Strategy	3,050	0	0	3,050	0	0	3,050	#
PRC - Contribution to Sullage	2,380	0	0	2,380	0	0	2,380	#
PDC Hydrology Grant	40,000	0	0	40,000	0	0	40,000	*
Recreation and culture								
Rio Tinto - Wickham Community Hub	4,500,000	2,535,000	(1,707,430)	5,327,570	2,109,890	(6,786,141)	651,319	(1, 2) ^
State Library of Western Australia Roebourne Community Recreation Assoc Inc.	3,010	25,323	(21,628)	6,705	16,915	(17,527)	6,093	#
Rio Tinto - Wickham Recreation and Community Facilities Project	23,024	0	0	23,024	0	0	23,024	*
Rio Tinto - Dampier Community Hub Operations	185,155	0	0	185,155	0	0	185,155	*
Rio Tinto - Partnership Management Team	1,513,036	0	(618,664)	894,372	0	0	894,372	*
Rio Tinto - Damper Community Hub Operations	2,000,000	1,002,000	(619,648)	2,382,352	1,000,000	(665,305)	2,717,047	*
Rio Tinto - Community Development Services	144,956	920,164	(622,290)	442,830	0	(62,616)	380,214	*
PDC - Roebourne Community Aquatic Centre	51,286	406,000	(252,986)	204,300	0	0	204,300	*
Pilbara Industry Road Safety Alliance	20,000	0	(20,000)	0	0	0	0	*
Rio Tinto - Wickham Recreation Facility Operations	69,236	0	(6,000)	63,236	0	0	63,236	*
Cossack Art Program - Sponsorships	0	2,342,868	(2,219,113)	123,755	2,403,967	(2,310,378)	217,344	(1, 2) ^
Rio Tinto - Eastern Corridor Youth Services	0	374,000	(280,000)	94,000	0	(94,000)	0	(3) ^
	0	295,000	(125,000)	170,000	0	(120,000)	50,000	(3) ^

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
DLGC Grant - Community Development Initiative	0	20,000	0	20,000	0	(20,000)	0
Pilbara Development Commission - Youth Services & Community Safety Initiative	0	251,000	(1,000)	250,000	0	0	250,000
Dept. Sport and Recreation - Kidsport Program	0	8,000	(5,251)	2,749	0	(2,749)	0
Rio Tinto - Karratha Leisureplex Program Support	0	50,000	(46,726)	3,274	50,000	0	53,274
Water Corporation - Tank Art	0	0	0	0	27,273	0	27,273
Transport							
Dept. of State Development - Murujuga Tourism Activation Agreement	0	717,128	(539,735)	177,393	0	0	177,393
Contributions-Beaches & Foreshore Works	0	244,825	(238,865)	5,960	0	(5,960)	0
Contribution To Entry Statement Fleetwood Corporation - Searipple	0	175,000	0	175,000	0	(14,103)	160,897
Precinct Foreshore Works	89,650	0	(89,650)	0	0	0	0
Main Roads WA - Mooligum Road Reconstruction	0	0	0	0	200,526	(85,672)	114,854
Total	8,696,879	9,404,680	(7,456,519)	10,645,040	5,808,571	(10,184,451)	6,269,160

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(*) - Grants/contributions have been received in Municipal cash in previous period and have been transferred to Reserve in previous period

(^) - Grants/contributions have been received in Municipal cash and have been transferred to Reserve in 2017/18

(#) - Grants/contributions have been received in Municipal cash and are contained in Note 3 Restricted Cash.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
Differential general rate / general rate												
Gross rental valuations												
Residential	0.065863	6,934	247,344,656	16,290,861	73,953	6,217	16,371,031	16,287,368	15,000	5,000	16,307,368	
Commercial/Tourism/Town Centre/Other	0.075262	259	37,543,403	2,825,591	(50,382)	(10,260)	2,764,949	2,831,447	20,000	7,500	2,858,947	
Industry/Mixed Business	0.057816	461	71,901,303	4,157,046	(20,483)	(17,219)	4,119,344	4,158,597	20,000	7,500	4,186,097	
Airport/Strategic Industry	0.129953	17	9,872,980	1,283,023	0	0	1,283,023	1,283,023	0	0	1,283,023	
Transient Workforce												
Accommodation/Workforce Accommodation	0.324699	22	16,252,600	5,277,203	0	(50,643)	5,226,560	5,277,203	416,784	0	5,693,987	
Unimproved valuations												
Pastoral	0.099613	10	2,710,050	269,956	353	(137)	270,172	269,956	0	0	269,956	
Mining/Other	0.137651	168	5,369,349	739,096	10,874	(742)	749,228	740,611	5,000	0	745,611	
Strategic Industry	0.172793	30	41,252,407	7,127,714	26,834	(9,715)	7,144,833	7,138,946	0	0	7,138,946	
Sub-Total		7,901	432,246,748	37,970,490	41,149	(82,499)	37,929,140	37,987,151	476,784	20,000	38,483,935	
Minimum payment	\$											
Gross rental valuations												
Residential	1,490	1,504	21,569,373	2,240,960	0	0	2,240,960	2,240,960	0	0	2,240,960	
Commercial/Tourism/Town Centre/Other	1,490	215	2,142,000	320,350	0	0	320,350	320,350	0	0	320,350	
Industry/Mixed Business	1,490	138	808,012	205,620	0	0	205,620	205,620	0	0	205,620	
Airport/Strategic Industry	1,490	1	2,600	1,490	0	0	1,490	1,490	0	0	1,490	
Transient Workforce												
Accommodation/Workforce Accommodation	1,490	0	0	0	0	0	0	0	0	0	0	
Unimproved valuations												
Pastoral	313	0	0	0	0	0	0	0	0	0	0	
Mining/Other	313	148	141,694	46,324	0	0	46,324	48,202	0	0	48,202	
Strategic Industry	313	12	12	3,756	0	0	3,756	3,756	0	0	3,756	
Sub-Total		2,018	24,663,691	2,818,500	0	0	2,818,500	2,820,378	0	0	2,820,378	
Discounts/concessions (refer note 21(d))		9,919	456,910,439	40,788,990	41,149	(82,499)	40,747,640	40,807,529	476,784	20,000	41,304,313	
Total amount raised from general rate							(355,216)				(355,216)	
Ex-gratia rates							40,392,424				40,949,097	
Totals							50,897				47,644	
							40,443,321				40,996,741	

SIGNIFICANT ACCOUNTING POLICIES

Rates
Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the City during the year ended 30 June 2018

(c) Service Charges

No service charges were levied by the City during the year ended 30 June 2018

Service Charges	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
	\$	\$	\$	\$	\$	\$	\$	\$	\$
PUPP HV Allocation	\$48.26 per kVa	0	0	0	0	2,790,394	0	0	3,450,000
PUPP LV Allocation	\$196.38 per kVa	0	0	0	0	7,594,725	0	0	9,390,000
PUPP Connection Charge	\$1,022.17 per Connection	0	0	0	0	1,747,029	0	0	2,160,000
		0	0	0	0	12,132,148	0	0	15,000,000

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
PUPP HV Allocation	Fund the HV component of PUPP Works	Fund the HV component of PUPP Works	All areas within scope of PUPP works
PUPP LV Allocation	Fund the LV component of PUPP Works	Fund the LV component of PUPP Works	All areas with existing overhead
PUPP Connection Charge	Fund the Connection component of PUPP works	Fund the Connection component of PUPP works	All properties with an existing overhead connection

The final payment for the Pilbara Underground Power Project was made to Horizon Power at the end of June 2018. The four year instalment option for ratepayers was completed in March 2018. 138 properties are on 10 year instalment plans which expire March 2024

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$	Reasons for the Waiver or Concession
Cossack (GRV) Transient Workforce Accommodation / Workforce	Concession		1,440	27,360	27,360	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.
Accommodation (GRV) Fees and Charges	Concession	Various		327,856	327,856	
Rates	Waiver	As determined on application		111,740	82,850	To phase in the impact of valuation changes in 2016/17 with concessions in 2017/18 reduced by one-third from 2016/17 and to phase out the concession for properties that remain eligible.
Rates and Penalty interest	Waiver	100.00%		41,295	41,295	
Fees and Charges	Write Off	As determined on application		0	0	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.
	Write Off	As determined on application		0	0	
				508,251	479,361	
Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession			
Cossack (GRV)	All 19 rateable properties within the Cossack Township	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.			
Transient Workforce Accommodation/ Workforce	For TWAWA (GRV) that but for the Concession offered by Council for the 2016/17 financial year would have experienced a greater than 20% increase in rates due to disparate valuation changes within the category.	To phase in the impact of valuation changes in 2016/17 with concessions in 2017/18 reduced by one-third from 2016/17 and to phase out the concession for properties that remain eligible.	To phase in the impact of valuation changes in 2016/17 with concessions in 2017/18 reduced by one-third from 2016/17 and to phase out the concession for properties that remain eligible.			
Accommodation (GRV)						

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs (Continued)

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Fees and Charges	<p>Fee Waivers for local Not for Profit and Community Organisations considered upon application for the use of the City's waste and recreational facilities.</p> <p>Fee Waivers for Economic Development purposes considered on an individual basis by Council or administratively by delegated authority</p>	<p>To recognise the community benefit provided by local Not for Profit Community Organisations and assist them to remain viable.</p> <p>To encourage economic diversity and growth within the City of Karratha</p>	<p>To recognise the community benefit provided by local Not for Profit Community Organisations and assist them to remain viable.</p> <p>To encourage economic diversity and growth within the City of Karratha</p>
Fees and Charges	<p>General Fee Waivers considered on an individual basis administratively by delegated authority</p>	<p>To ensure business continuity, administrative efficiency and marketing opportunities</p>	<p>To ensure business continuity, administrative efficiency and marketing opportunities</p>
Rates	<p>Waiver of Rates for local Sporting Groups where no commercial return is derived from the property</p>	<p>To assist local sporting organisations to remain operational for the benefit of the Community.</p>	<p>To assist local sporting organisations to remain operational for the benefit of the Community.</p>
Rates and Penalty interest	<p>Considered on an individual basis by Council or administratively by delegated</p>	<p>To manage the City's rates register in an economically viable manner.</p>	<p>To manage the City's rates register in an economically viable manner.</p>
Fees and Charges	<p>Considered on an individual basis by Council or administratively by delegated</p>	<p>To manage the City's debt portfolio in an economically viable manner.</p>	<p>To manage the City's debt portfolio in an economically viable manner.</p>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Instalment Plan Interest Rate %	Unpaid Interest Rate %
		Admin Charge \$	Instalment Plan %		
Option One					
Single full payment	28-Aug-17	0	0.00%	0.00%	11.00%
Option Two					
First instalment	28-Aug-17	0	0.00%	0.00%	11.00%
Second instalment	30-Oct-17	10	4.50%	4.50%	11.00%
Option Three					
First instalment	28-Aug-17	0	0.00%	0.00%	11.00%
Second instalment	30-Oct-17	10	4.50%	4.50%	11.00%
Third instalment	08-Jan-18	10	4.50%	4.50%	11.00%
Fourth instalment	12-Mar-18	10	4.50%	4.50%	11.00%

(e) Interest Charges & Instalments

	Revenue \$	Budgeted Revenue \$
Rates Penalty Interest	360,888	300,000
Rates Instalment Interest	136,331	115,000
Rates Instalment Charges	72,840	75,000
Deferred Pensioner Interest	352	0
Administration Fee - Adhoc Arrangement	100	2,500
Administration Fee - Direct Debit	760	2,500
	571,271	495,000

	Revenue \$	Budgeted Revenue \$
PUPP Penalty Interest	26,342	117,000
PUPP Instalment Interest	305,596	335,759
PUPP Instalment Charges	56,680	62,510
	388,618	515,269

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

22. NET CURRENT ASSETS

Composition of net current assets

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	2,564,089	2,364,705	2,364,705
CURRENT ASSETS			
Cash and cash equivalents			
Cash on Hand	17,805	13,370	13,370
Cash at Municipal Bank	1,440,158	128,614	128,614
Restricted - Municipal (Unspent	11,523	20,844	20,844
Restricted - Reserves	61,497,864	85,720,687	85,720,687
Receivables			
Rates outstanding	2,990,652	2,913,044	2,913,044
GST receivable	2,387,509	1,130,269	1,130,269
Loans receivable - clubs/institutions	20,115	6,163	6,163
Other Bonds	1,950	1,900	1,900
- Service Charge	1,508,871	3,627,192	3,627,192
- Rubbish	729,773	1,437,883	1,437,883
- Fees and Charges for Services	190,052	207,589	207,589
- Private Works	3,581	7,746	7,746
- Income from Property	440,920	296,896	296,896
- Aerodrome	2,080,375	3,845,817	3,845,817
- Grants and Contributions	2,843,219	2,468,448	2,468,448
- Reimbursements and General	194,672	204,772	204,772
- Excess Rates Receipts	(397,585)	(311,653)	(311,653)
Staff Housing Bonds	0	2,400	2,400
Pensioner Rebates	791	814	814
Accrued Income	1,334,793	587,160	587,160
Prepayments	55,253	239,456	239,456
Less Provision for Doubtful Debts	(1,355,831)	(303,182)	(303,182)
Inventories			
Fuel and Materials	347,617	293,154	293,154
Corporate Uniforms	23,133	27,113	27,113
Food, Drinks & Merchandise Roebourne Aquatic	408	506	506
Food, Drinks & Merchandise Youth Shed	5,920	6,189	6,189
Food, Drinks & Merchandise Wickham Recreation Precinct	2,183	3,651	3,651
Food, Drinks & Merchandise Karratha Leisureplex	2,519	1,340	1,340
Food, Drinks & Merchandise Red Earth Arts Precinct	20,004	0	0
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(8,954,789)	(8,097,758)	(8,097,758)
Accrued interest on long term borrowings	(987)	(957)	(957)
Accrued salaries and wages	(172,420)	(170,510)	(170,510)
ATO liabilities	0	0	0
Other Liabilities	(9,342)	(15,814)	(15,814)
Accrued Expenses	(398,183)	(102,681)	(102,681)
Income Received in Advance	(760,243)	(117,982)	(117,982)
Net Trust Liabilities	0	0	0
Retention Monies	(1,527,894)	(2,437,712)	(2,437,712)
Current portion of long term borrowings	(81,408)	(64,664)	(64,664)
Provisions			
Provision for annual leave	(2,522,884)	(2,353,349)	(2,353,349)
Provision for long service leave	(1,566,048)	(1,159,497)	(1,159,497)
Unadjusted net current assets	60,404,046	88,057,258	88,057,258

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. NET CURRENT ASSETS (continued)

Less: Reserves - restricted cash	(61,497,867)	(85,741,531)	(85,741,531)
Less: Movement in Accruals	(503,838)	0	0
Less: Loans Receivable - clubs/institutions	(20,115)	(6,163)	(6,163)
Less: Movement in Restricted Assets	(3,841,143)	(6,860,485)	(6,860,485)
Add: Movement in Accruals	0	84,282	84,282
Add: Cash - Restricted Unspent Grants	11,523	20,844	20,844
Add: Cash Backed Employee Provisions	4,088,932	3,512,846	3,512,846
Add: Current portion of long term borrowings	81,408	64,664	64,664
Add: Restricted Surplus/(Deficit) June 30 b/fwd -	4,672,754	7,905,744	7,905,744
Less: Restricted Surplus/(Deficit) June 30 c/fwd -	(831,611)	(4,672,754)	(4,672,754)
Adjusted net current assets - surplus/(deficit)	2,564,089	2,364,705	2,364,705

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. FINANCIAL RISK MANAGEMENT

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	62,967,350	85,883,515	62,967,350	85,883,515
Receivables	14,191,922	17,781,001	14,191,922	17,781,001
	<u>77,159,272</u>	<u>103,664,516</u>	<u>77,159,272</u>	<u>103,664,516</u>
Financial liabilities				
Payables	11,824,063	10,943,412	11,824,063	10,943,412
Borrowings	427,861	412,513	427,861	412,513
	<u>12,251,924</u>	<u>11,355,925</u>	<u>12,251,924</u>	<u>11,355,925</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and Cash Equivalents

The City's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	629,674	858,835
- Statement of Comprehensive Income	629,674	858,835

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the City's credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Pilbara Underground Power Project Service Charges		
- Current	42.00%	66.00%
- Overdue	58.00%	34.00%
Percentage of other receivables		
- Current	91.00%	95.00%
- Overdue	9.00%	5.00%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	11,464,018	0	0	11,464,018	11,464,018
Borrowings	81,408	346,453	0	427,861	427,861
	11,545,426	346,453	0	11,891,879	11,891,879
2017					
Payables	10,943,412	0	0	10,943,412	10,943,412
Borrowings	64,664	347,849	0	412,513	412,513
	11,008,076	347,849	0	11,355,925	11,355,925

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	81,408	83,438	85,519	87,653	89,843	0	427,861	2.55%
Weighted average Effective interest rate	2.55%	2.55%	2.55%	2.55%	2.55%			
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	64,664	66,238	67,865	69,530	71,238	72,978	412,513	2.44%
Weighted average Effective interest rate	2.44%	2.44%	2.44%	2.44%	2.44%	2.44%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

24. TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Public Open Space Contributions	879,456	0	(25,623)	853,833
Karratha Agistment Centre Compensation Fund	659,511	0	0	659,511
Planning Bonds	315,622	0	(11,000)	304,622
Unclaimed Monies	24,344	2,562	0	26,906
Airport ASIC Cards	13,950	4,750	(3,550)	15,150
Verge Bonds	28,000	0	(16,000)	12,000
Staff Travel Allowances	11,140	4,760	(6,140)	9,760
Airport Parking Cards	8,750	3,650	(2,200)	10,200
VAST	0	6,582	0	6,582
Hall Hire Bonds	2,875	17,200	(16,375)	3,700
Other Bonds & Guarantees	34,188	350	(11,533)	23,005
	<u>1,977,836</u>			<u>1,925,269</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS:

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standard

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- | | | |
|------|---|----------------|
| (i) | AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) | AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities | 1 January 2017 |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

27. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Functions relating to the Councillors and the running of Council. Expenditure includes the running of elections, payments of expenses to Councillors and non statutory donations.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rating (including ex-gratia contributions), interest revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire and emergency services, and animal control. Includes expenditure for the Ranger Services, State Emergency Service and disaster preparation and recovery expenses.
HEALTH	To provide an operational framework for environmental and community health.	Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.
HOUSING	To provide and maintain staff housing.	Maintenance and operational expenses associated with the provision of staff housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of tip, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of halls, swimming pool, recreation centres, various reserves and operation of libraries. Expenditure includes the cost of the Karratha Leisureplex and other pavilions, ovals and parks maintenance, Roebourne Swimming Pool, coastal rehabilitation, and four libraries. Expenses relating to the historical town of Cossack, the Moonrise Cinema and JJJ radio re-broadcasting are also included in this function.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodrome. It includes expenditure for the construction and maintenance of the roads, footpaths and also the expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.
ECONOMIC SERVICES	To help promote the local government and its economic wellbeing.	Tourism and administration of building controls. Expenditure includes Councils contributions to the Karratha and Roebourne Visitor Centres and the Pilbara Tourism Association, and the costs associated with building control.
OTHER PROPERTY AND SERVICES	To monitor and control operating accounts.	Private works and other unclassified works. It also includes expenditure relating to plant operations and the Technical Services division however these costs are then reallocated to the other functions. The costs associated with financing and administration are allocated direct to the relevant functions.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

28. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.12	1.53	2.05
Asset sustainability ratio	0.88	0.72	0.92
Debt service cover ratio	134.13	384.34	22,143.03
Operating surplus ratio	(0.13)	0.11	0.05
Own source revenue coverage ratio	0.79	0.95	0.95
Asset consumption ratio	0.84	0.92	0.97
Asset renewal funding ratio	1.00	1.00	1.00

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants as well as the final payment to Horizon Power for the Pilbara Underground Project. The payment to Horizon Power was funded by service charges recognised in 2014/15 and held in reserve in accordance with section 6.38(2)(b) of the *Local Government Act 1995* as restricted funds.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	646,019	751,662	0
Amount of Financial Assistance Grant received in prior year relating to current year.	751,662	0	1,006,005
Amount of annual payment to Horizon Power	12,132,148	4,000,000	3,600,000

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.12	1.04	0.98
Debt service cover ratio	292.55	428.14	26,388.32
Operating surplus ratio	0.01	0.14	0.11
Own source revenue coverage ratio	0.89	0.99	0.99

INDEPENDENT AUDITOR'S REPORT

To the Electors of the City of Karratha

Report on the Audit of the Financial Report

Opinion

We have audited the annual financial report of the City of Karratha which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In our opinion the annual financial report of the City of Karratha:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City of Karratha for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City of Karratha in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling City of Karratha's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the City of Karratha is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City of Karratha's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the City of Karratha.

The Council is responsible for overseeing the City of Karratha's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of our audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Karratha's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City of Karratha's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996* we report that:

- (i) In our opinion, there are no significant adverse trends in the financial statements of the City of Karratha:
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit.
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.

- (v) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of City of Karratha for the year ended 30 June 2018 included on the City of Karratha's website. City of Karratha's management is responsible for the integrity of the City of Karratha website. This audit does not provide assurance on the integrity of the City of Karratha's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 23rd day of October 2018



Millstream lily ponds



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PO Box 1306, Bunbury, WA 6231

23 October 2018

Mrs E Smeathers
Chairperson
Audit Committee
City of Karratha
PO Box 219
KARRATHA WA 6714

Dear Evette

CITY OF KARRATHA
30 JUNE 2018 MANAGEMENT REPORT

Following completion of our 30 June 2018 audit, we provide our Management Report and audit recommendations.

1.0 Our Audit Approach

The Australian Auditing Standards are the professional Standards applicable to all audit engagements. Accordingly, our audit was conducted in accordance with Australian Auditing Standards, with testing designed solely to enable the expression of an opinion on the financial report of the City of Karratha. This involved us making an assessment of the risk of material misstatement, whether due to fraud or error, and then using our professional judgement, applying audit procedures to mitigate that risk.

To assist Council in understanding our role as external auditor, we have previously detailed our audit responsibilities and scope of work to be performed to meet those responsibilities in our audit engagement letter.

Australian Auditing Standards require us to document and evaluate City of Karratha's system of internal control to establish the level of reliance on the internal control system in determining the nature, timing and extent of other auditing procedures necessary to enable us to complete our audit. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities and should not, therefore, be taken to assume that no other weaknesses exist. Accordingly the comments within this letter refer only to those matters that have come to our attention during the course of our normal audit work and may not identify all possible improvements that an internal controls review may detect.

Our audit approach is based on a risk analysis methodology which relies upon our understanding of City of Karratha's operations, strategies and risks. We performed a review of applicable accounting systems and tested those during our audit. The level of testing performed by us is determined by the degree of reliance we place on the internal control systems in place which has a resulting impact on the amount of substantive testing required during our audit procedures. The level of testing performed is also aligned with what is required to form an overall opinion on the financial statements which may not coincide with what the City of Karratha perceives should be tested.

Our audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and judgements, as well as evaluating the overall presentation of the financial report. There were no areas of disagreement either in the accounting estimates or judgements or in the presentation and disclosures made in the financial report.

2.0 Assessment of Fraud and Error

The primary responsibility for the prevention and detection of fraud is that of Council and management. As a result, it is important that management with the oversight of Council place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and resulting consequences.

In accordance with Australian Auditing Standards we are required to obtain reasonable assurance that the financial report taken as a whole is free from material misstatement, whether caused by fraud or error. While our procedures are designed to identify material weaknesses and misstatements from fraud and error, there is an unavoidable risk that even some material misstatements may remain undiscovered. This unavoidable risk is due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system.

We have confirmed that nothing has come to management's attention that may constitute an incident of fraud. In addition our audit procedures did not identify any instances of suspected or actual fraud. We take this opportunity to remind you that our audit is not designed to detect fraud and therefore our audit procedures are not designed for that purpose.

3.0 Accounting Policies

We confirm to you that we are not aware of any changes to the accounting policies of the City of Karratha since 30 June 2017 in respect of the preparation of the 30 June 2018 financial report other than those changes required under Australian Accounting Standards and the Local Government Act and Regulations which are adequately disclosed.

4.0 Commitments and Contingencies

On completion of our audit and subsequent discussions with management, we did not identify any additional commitments or contingencies that required disclosure within the financial report of the City of Karratha, apart from those already disclosed.

5.0 Subsequent Events

We did not identify any additional subsequent events up until the date of this report that required disclosure within the financial report of the City of Karratha, apart from those already disclosed.

6.0 Audit Findings

6.1 Fair Value Reassessment at 30 June 2018

The City of Karratha completed a re-assessment of the fair value for infrastructure assets during the year ended 30 June 2018. The assessment was performed utilising a combination of external information obtained from an independent valuer and internal expertise.

We acknowledge the completion of the infrastructure asset revaluation was extensive and required significant time and effort by management. This resulted in the source information for property, plant and equipment and infrastructure balances not being available and complete at the time of our onsite audit visit which resulted in delays in completing our audit procedures accordingly.

We recommend where practical to do so, fixed asset balances are correctly balanced and assessed prior to the onsite audit visit occurring.

6.2 Audit Adjustments and Unadjusted Audit Differences

As a result of the comments made within section 6.1 above and discussions held during the onsite exit meeting, various adjustments were made by management to the figures initially presented for audit to the final audited financial statements.

We confirm there were no material unadjusted audit differences identified from our audit processes.

6.3 Local Government Act Compliance Measures

In conjunction with our review of the financial statements, we also perform a review of the City of Karratha's compliance with the Local Government Act and Local Government Financial Management Regulations.

Our review of compliance with the Local Government Act and Financial Management Regulations did not indicate any issues of non-compliance which required reporting.

6.4 Other Comments

In accordance with the terms of our engagement letter, we have a responsibility to provide an opinion in respect to the City of Karratha's annual financial report as to whether it is free from material misstatement. Our audit report for 30 June 2018 is unqualified with our opinion stating the financial report presents fairly the financial position of the City of Karratha, as at and for the year ending 30 June 2018.

Our audit indicated procedures and controls in respect to the City of Karratha's internal processes, procedures and financial reporting framework are adequately designed and have been maintained to an adequate standard throughout the audit period.

Please refer to Appendix 1 for our audit recommendations in relation to the 30 June 2018 audit. We provide these comments and recommendations to suggest improvements to City of Karratha's internal controls and procedures.

Please note, this letter is to be read in conjunction with our 30 June 2018 interim audit letter issued subsequent to our interim visit during the week ending 26th June 2018. We note the recommendations from our interim audit completed in June have been actioned or are in the process of being actioned where appropriate. We would like to thank management for being pro-active in responding to our internal control recommendations.

Our management report is on an exception basis, and therefore we have not commented on the various internal controls in place within your accounting systems.

We would like to take this opportunity to thank Ray, Angela and the finance team for the assistance provided to us during our audit.

Should you have any questions concerning the above or would like to discuss any other aspect of our audit, please do not hesitate to contact me.

Yours sincerely

AMD Chartered Accountants



MARIA CAVALLO CA
Director

cc Mr C Adams
 Chief Executive Officer
 City of Karratha
 PO Box 219
 KARRATHA WA 6714

APPENDIX 1
Audit Recommendations for the year ended 30 June 2018

GUIDANCE TO FINDINGS RATING / IMPLICATION

Findings identified during the final audit have been weighted in accordance with the following scale:

Significant: Those findings where there is potentially a significant risk to the entity should the finding not be addressed promptly.

Moderate: Those findings which are of sufficient concern to warrant action being taken by the entity as soon as possible.

Minor: Those findings that are not of primary concern however still warrant action being taken.

AUDIT FINDINGS

1. WORKS COSTING

Finding Rating: Minor

We noted allocation rates used for Public Works Overheads (PWO) during the 2017/18 year were too low, resulting in PWO costs being under allocated during the 2017/18 year.

Implication

Incorrect cost allocations used in respect to public works overheads during the year.

Recommendation

We recommend allocation rates and allocations to jobs be reviewed periodically during the year, to ensure there are no major under or over allocations of PWO costs.

Management Comment

A review of the public works overhead rate will be undertaken as part of the annual statutory budget review, scheduled for consideration by Council in March 2019. The review will ensure public works overhead allocations are fully applied to all public works. Periodic reviews will be undertaken quarterly thereafter to ensure there are no major under/over allocations of PWO costs.

APPENDIX 1
Audit Recommendations for the year ended 30 June 2018

2. EXCESSIVE LEAVE BALANCES***Finding Rating: Minor***

We noted 21 employees who had an annual leave balance in excess of eight weeks at year end, furthermore 16 of these employees have long service leave benefits due. Details of the employees identified can be provided upon request.

Implication

The cost to City of Karratha is greater if leave is not paid out on a regular basis due to:

- The cumulative effect of salary increases over a period of time;
- Recreational leave enhances employee performance; and
- It is a fundamental principle of good internal control that all employees take regular leave.

Recommendation

We recommend employees take regular leave through the ongoing management of leave scheduling and leave liabilities.

Management Comment

The City of Karratha Enterprise Agreement allows employees to accrue up to 12 weeks. The City encourages employees to take leave regularly and issue letters of concern when employees accrue 10 weeks and then again when they accrue 12 weeks. As at 30 June, there was one employee in excess of 12 weeks annual leave accrued. There are currently no employees in excess of 12 weeks annual leave.

3. OUT OF DATE POLICIES***Finding Rating: Minor***

We noted a number of Human Resources policies were out dated at the time of our audit and require review, and updating. Examples include Travel and Accommodation, Councillor Fees, Staff and Voluntary Services and Volunteer Policy.

Implication

Risk that policy may be out of date and require amendment

Recommendation

We recommend policies and procedures are reviewed in accordance with stated dates, including updating references to applicable legislation and standards as changes arise.

It may be appropriate for policy reviews to occur annually, however frequency of the review will depend on the nature of the policy, However we suggest all policies, procedures and plans should be reviewed based upon the nature of the matter contained within.

Management Comment

All HR Council policies are currently under review. The Staff and Voluntary services policy was only due for review in May 2018. The Travel & Accommodation and Councillor Fee policies are not due for review until 2019.

APPENDIX 1
Audit Recommendations for the year ended 30 June 2018

5. RELATED PARTY DISCLOSURE POLICY

Finding Rating: Minor

Our inquiries of management identified that the City of Karratha does not currently have a Related Party Disclosures Policy in place.

Implication

Risk procedures and controls relating to related party relationships are not adequately documented.

Recommendation

We recommend the City of Karratha develops and implements a Related Party Disclosure Policy. This policy should document the requirements for related parties to declare on a yearly basis, known close family members, entities that are controlled / jointly controlled by KMP and entities that are controlled / jointly controlled by the close family members of KMP which is currently being completed.

Management Comment

There is no Council Policy dedicated to related parties however, we are bound by legislation under Division 6 of the LGA and Part 7 of the City of Karratha Code of Conduct. The Executive Management Team and all Councillors are required to complete a Related Party Disclosure form annually which is then disclosed in the Annual Financial Statements.



Boating on the Dampier Archipelago



The City of Karratha Main Administration Building is open Monday to Friday from 8.30am to 4.30pm

Physical address:

Lot 1083 Welcome Road,
Karratha, WA 6714

Postal address:

PO Box 219
Karratha, WA 6714
Phone – 08 9186 8555
Email – enquiries@karratha.wa.gov.au
Web – karratha.wa.gov.au
Facebook – facebook.com/cityofkarratha

The City of Karratha Operations Centre is open Monday to Friday from 8am to 4.30pm

Physical address:

Lot 4237 Cowle Road
Light Industrial Estate
Karratha, WA 6714

The City of Karratha Ranger Services can be contacted 24 hours a day, seven days a week by calling 08 9186 8555

Any damage to Council facilities, maintenance issues or suspicious activity such as illegal dumping or littering should be reported to the City of Karratha online reporting tool – Report It: karratha.wa.gov.au/report-it

